Workers' Compensation Board

Annual Report 1987

89-06419/

1987 Annual Report

The Workers' Compensation Board is a statutory corporation created by an Act of the Ontario legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and *Regulations* of Ontario. The Board raises funds from the province's employers in order to provide compensation to workers who are injured on the job or who contract an occupational disease.

Compensation includes payment of health care expenses, payment for loss of wages that may result from the injury or disease, a wide range of vocational and medical rehabilitation services, permanent disability pensions, and death benefits to surviving dependents.

The Board also sponsors a wide variety of accident prevention activities and funds the 10 delivery agencies.

Colonel The Honourable Lincoln M. Alexander, P.C., K. St. J., Q.C., B.A., LL.D.,
Lieutenant Governor of Ontario

The Workers' Compensation Board is pleased to submit its annual report of operations for 1987.

Robert G. Elgie, Q.C., M.D., F.R.C.S.(C), Chairman

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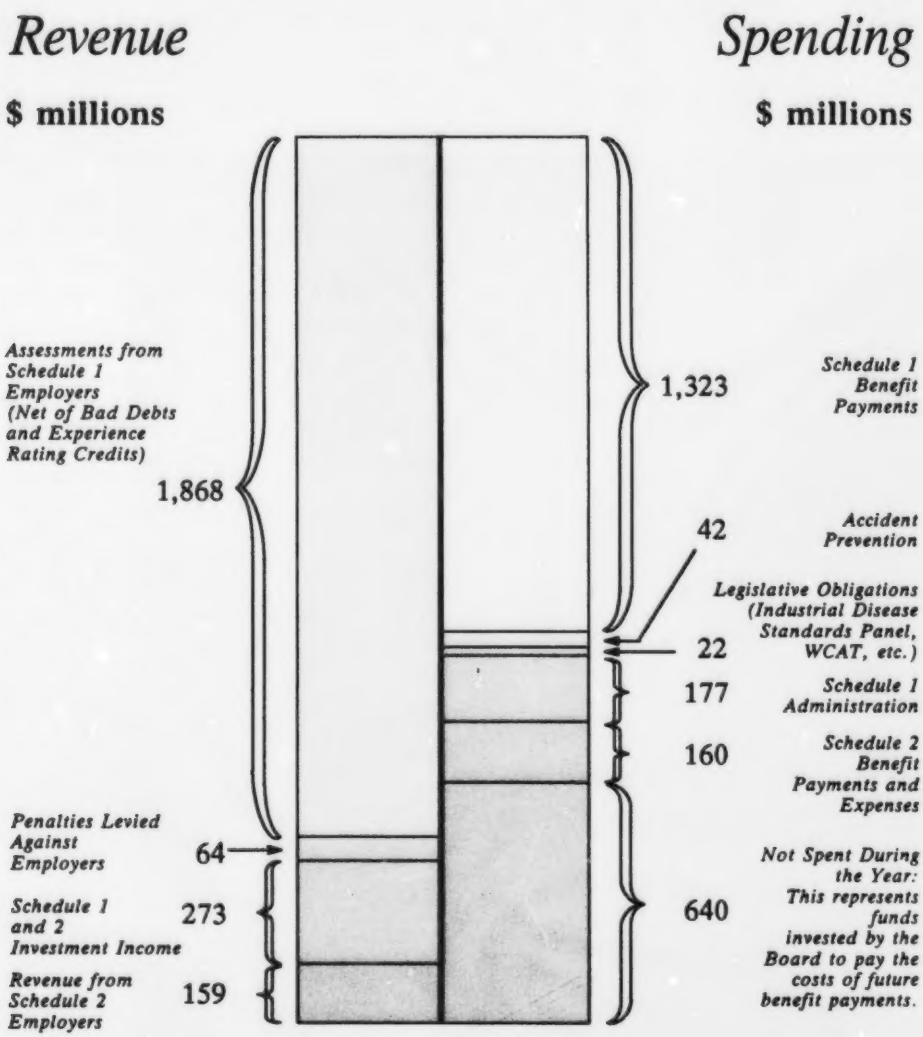
Rapport annuel de 1987 en français,
veuillez vous adresser à la
Commission des accidents du travail,
Direction des communications,
2, rue Bloor Est,
Toronto (Ontario),
M4W 3C3.
Téléphone : (416) 927-3500.

Workers' Compensation Board – Summary of Operations

YEAR ENDED DECEMBER 31, 1987

The following shows the principal sources of 1987 revenue, which totalled almost $2.4 billion, and where it went:



Total	2,364	2,364	**Total**

Schedule 1 refers to employers who are insured through collective liability and Schedule 2 refers to employers who are self-insured.

Chairman's Message

I am pleased to report on a landmark year for the Workers' Compensation Board, a turning point in our 73-year history of service to the injured workers and employers of Ontario.

Following on the reorganizational initiatives approved in 1986, which proposed an improved and integrated delivery of service to our clients, the Board has implemented a number of sweeping changes which have transformed the structure of our operations and the way we do business.

Robert G. Elgie

These changes, which commenced in late 1986 and continued throughout 1987 and into early 1988, have been realized both at the Board's Toronto Head Office and in our network of regional offices across Ontario. As a result, injured workers and employers throughout the province will now have access to service which I believe will be more personal, more timely, and more appropriate and responsive to their individual needs.

It has been my pleasure during 1987 to work with the Board of Directors in overseeing the implementation of our internal reorganization, the expansion of our services provincewide, and in participating in the development and delivery of workers' compensation policies and programs.

I was deeply saddened by the recent death of one of the members of the Board of Directors, Ms. Clara Wiborg de Carvalho. A family support worker and counsellor, Ms. Carvalho had served on the Board as a worker representative since its inception in October, 1985.

I am pleased, however, to welcome three new members to the Board of Directors in 1987. Mr. Donald Holder, vice-president of the Ontario Federation of Labour, was appointed to the Board in January, 1987 as a representative of workers. Mr. Paul Richards, who is president of a number of companies in Ontario, took a seat on the Board in June as a representative of small business and professionals. Ms. Almerinda Rebelo, who is the coordinator of Toronto's Parkdale Community Health Centre, was appointed to the Board in September as a representative of workers.

The Workers' Compensation Board has emerged from the last two years with a clear purpose — a more efficient and effective operation, with a steadfast commitment to the best possible service for our clients within a context of sound financial management. These are important developments, and I would like to acknowledge the considerable efforts made by all Board staff who assisted in this transition.

The year 1987 also represented a further stage in the evolution of the restructured workers' compensation system, brought about by legislative reform in 1985. Each year of additional experience in the operation of the new institutions created at that time — an external WCB Board of Directors, the Workers' Compensation Appeals Tribunal, the Industrial Disease Standards Panel, the Office of the Worker Adviser, and the Office of the Employer Adviser — brings us one step closer to full realization of the new system envisioned by the legislators.

There is still some way to go before the system reaches full maturity, and the journey to date has not been without its attendant problems, but there have also been a number of encouraging signs. Each of the new bodies has gradually developed its own mode of operation and, as a result of their interaction, new priorities and a new sense of internal balance and discipline has been imposed upon the workers' compensation system. All of this augurs well, in my view, for its future development.

Looking ahead to 1988, I am confident that, together, we will make further advances in the provision of programs and services which uphold our standards of excellence and the long tradition of workers' compensation in this province.

On behalf of the Board of Directors,

Robert G. Elgie, Q.C., M.D., F.R.C.S.(C)
Chairman of the Board

Board of Directors

Front Row (l. to r.): Almerinda Rebelo, Robert Elgie, Alan Wolfson, Silvia Mecozzi. Second Row: Ronald Ellis, Robert Stanbury, Douglas Peters, Paul Richards, Stephen Hessian, Joseph Duffy, Donald Holder. Inset: E. Gérard Docquier.

BOARD OF DIRECTORS

Robert G. Elgie, Q.C., M.D., F.R.C.S.(C)
Chairman of the Board

Alan D. Wolfson, Ph.D.
Vice-Chairman of Administration and President,
Workers' Compensation Board

E. Gérard Docquier
National Director for Canada,
United Steelworkers of America

Joseph Duffy
Business Manager and Secretary-Treasurer,
Provincial Building and Construction Trades Council of Ontario

Stephen S. Hessian
Resident Manager,
Domtar Inc.

Donald Holder
Vice-President,
Ontario Federation of Labour

Silvia Mecozzi
Social Worker

Douglas D. Peters, Ph.D.
Senior Vice-President and Chief Economist,
Toronto Dominion Bank

Almerinda M. Rebelo, C.S.W.
Coordinator,
Parkdale Community Health Centre

Paul Richards
President,
Johns Scientific Inc.

Hon. Robert Stanbury, P.C., Q.C.
Counsel,
Inch, Easterbrook & Shaker

S. Ronald Ellis, Q.C.
Ex Officio Member
Chairman,
Workers' Compensation Appeals Tribunal

Executive Committee Report

The year 1987 was one of substantial change and significant progress for the Workers' Compensation Board. A major reorganization of its structure and operations was successfully implemented, with a view to improving services to the Board's clients and streamlining the way it does business. In addition, a number of important policy and program initiatives were undertaken.

MAJOR ORGANIZATIONAL CHANGES

While reorganization affected each of the Board's four Divisions — Client Services, Policy and Specialized Services, Corporate Services, and Strategic Policy and Analysis — perhaps the most immediate and visible impact on the Board's client groups arose out of changes made within the Client Services Division. These affected the delivery of services both in the Board's regional and Head Office operations.

The Board has significantly changed the nature and scope of its network of regional offices. The opening of full-service offices in Hamilton and Thunder Bay in 1986 — to add to those already operating in London and Sudbury — and the further addition of an office in Ottawa in 1987, has resulted in a considerable increase in the volume of claims handled by the regional offices. Their share of total claims processed has increased from 10.5 per cent in 1985 to 36.1 per cent in 1987. With the opening of a sixth regional office in Windsor in early 1988, approximately 50 per cent of all claims are now handled in the regions.

The Board's fifth full-service regional office opened in Ottawa in May, 1987. For injured workers, employers and health care professionals in the regional municipality of Ottawa-Carleton and the surrounding counties, it has provided access to more personal, timely and responsive service that is sensitive to the needs of the local community.

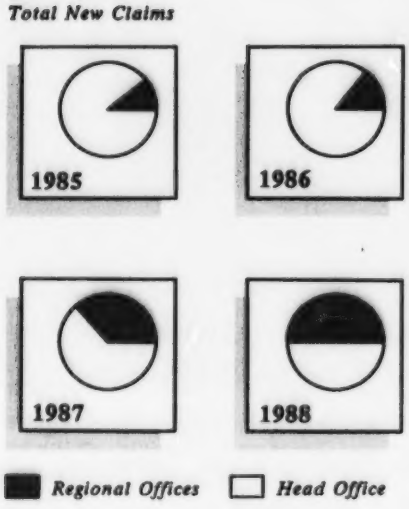
The Windsor Regional Office, which became operational in February, 1988, is a prototype, with an organizational structure drawn from certain features of both the existing regional offices and from the recent structural realignment at the Toronto Head Office. The Windsor Office will be monitored through an ongoing process of evaluation over its first year of operation in order to determine the feasibility of extending its organizational structure to the Board's other regional offices.

Of the almost 470,000 new claims reported to the Board provincewide in 1987, approximately 300,000, or 64 per cent, were registered at Head Office, while the remaining 170,000 claims were filed in regional offices. In round figures, the Hamilton Regional Office handled 73,000 claims in 1987, London 31,000, Sudbury 16,000, Thunder Bay 14,000,

EXECUTIVE COMMITTEE: Sitting (l. to r.) — Robert Reilly, Robert Elgie, Alan Wolfson, Elizabeth Kaegi. Standing — Linda Angove, Sam Van Clieaf, Robert Coke.

Increasing Volume of New Claims Processed in the Regions . . .

PROPORTION OF NEW CLAIMS SERVED BY REGIONAL OFFICES, 1985–1988*



1985 Regional Offices – *London, Sudbury*

1986 Regional Offices – *London, Sudbury, Hamilton (2 months), Thunder Bay (1 month)*

1987 Regional Offices – *London, Sudbury, Hamilton, Thunder Bay, Ottawa (8 months)*

1988 Regional Offices – *London, Sudbury, Hamilton, Thunder Bay, Ottawa, Windsor (11 months)*

* *1988 based on estimated figures.*

and Ottawa 36,000 in the eight months of the year that it was operational. It is estimated that, over the course of a full calendar year, the Ottawa Regional Office will handle approximately 10 per cent of all claims filed with the Board.

The Board announced the transfer of caseloads for the Lambton County and Sarnia areas, currently involving approximately 400 active compensation claims, to the London Regional Office. It was also decided that caseloads within the electoral districts of Cochrane, Timiskaming and Nipissing in the North Bay and Timmins areas should be assigned to the Sudbury Regional Office, given the common economic base of these communities and their accessibility to the city of Sudbury.

A major reorganization also occurred in the provision of claims and related services within the Toronto Head Office. The claims and health care adjudication, medical and vocational rehabilitation functions, once conducted as distinct and separate entities, have been drawn together in a series of Integrated Service Units (or ISUs), in order to provide more personal, responsive and efficient service to the Board's clients — the injured workers and employers of Ontario.

The eight ISUs are small self-contained operational units, each located on one floor of the Board's Head Office building. Claims are allocated to each ISU on the basis of the employer's postal code. Their purpose is to promote and facilitate more effective liaison between the providers of claims adjudication, health care and rehabilitation services, to increase their familiarity with their particular client groups, and to reduce the need to pass claim files between different sections of the Board.

It is anticipated that the new structure will result in service which is more efficient and responsive to client needs. It will also help to foster increased employer involvement in the rehabilitation process, as a means of securing an early return to work for injured workers.

Seven of the Integrated Service Units established at Head Office — Central Ontario East, Toronto East, Toronto North, Toronto West, Central Ontario West, Central Ontario South, and Toronto South — are responsible for specific geographic regions within the central core of the province not serviced by any of the Board's regional offices. The eighth ISU is organized on industrial rather than geographic lines, and is responsible for the construction industry throughout Central Ontario.

The first ISU to become operational, Central Ontario East, commenced service in September, 1987. By the end of the year, five units were providing services to Board clients. They were joined by the remaining three units — Central Ontario South, Toronto South, and the Construction ISU — in the first two months of 1988. At full strength, the ISUs will handle approximately one-half of the Board's total claims.

In parallel with the reorganization of the Board's operations, a Management Development Program was inaugurated for Board staff assuming managerial positions within the new structure. The program is designed to promote a broader understanding of the various components of the workers' compensation system and to improve management techniques.

MAJOR POLICY AND PROGRAM DEVELOPMENTS

During 1987, the Board of Directors oversaw the development of workers' compensation policies and programs by addressing a number of issues affecting injured workers, employers, health care professionals, and the management of the Board.

The Board adjusted its policy on the interpretation and application of Section 45(5) of the *Workers' Compensation Act*, which governs the payment of supplements to permanent partial disability pension recipients.

A review of supplements policy had been prompted by a number of expressed concerns and uncertainties associated with the way the relevant statutory provisions had previously been administered. Professor Paul Weiler, in his third report, published in late 1986, noted that there had been a significant change over time in the adjudication of permanent partial disability pensions and supplements, without any corresponding change in the statute itself or in the Board's formal policy.

In May, 1987, in Decision No. 915, the Workers' Compensation Appeals Tribunal (WCAT) raised further questions concerning the interpretation of Section 45(5), focusing on the apparent lack of congruity between the Board's policy and practice. It pointed to the need for the Board to make a clear decision between two alternatives — the practice of continuing supplements as long as a disability-related earnings loss persisted, and the written policy of limiting supplements to a three-year maximum time limit.

Prior to the 1985 statutory amendment indexing pre-injury earnings for purposes of determining entitlement to a supplement, the distinction between policy and practice had been less acute. Loss of earnings was measured by comparing a fixed level of pre-injury earnings with post-injury earnings which tended to rise in line with inflation. As a result, earnings loss often failed to continue beyond the three-year period. Following the statutory change, this was no longer necessarily the case.

These concerns, and the perceived need to inject a greater degree of consistency into the granting of awards, justified the need for a review. In the course of that review, it became clear that, over the years, the interpretation of Section 45(5) which had gradually emerged was not consistent with the wording of the legislation itself. The amended policy brings the Board's interpretation and administration of the Section in line with the intent of the *Act*, by ensuring that supplements are awarded on a temporary basis in support of vocational rehabilitation programs.

Chronic pain disorder was recognized by the Board as a compensable condition in 1987 — with Ontario thus becoming the first jurisdiction in Canada to do so. In light of considerable evidence and opinion, the Board of Directors accepted in principle that compensation should be paid for genuine chronic pain disorder resulting from a work-related injury. In July, a chronic pain disorder policy, including an appropriate rating schedule, was adopted on an interim basis for a one-year period, following which a decision will be made on how to proceed in the future.

The Board also broke new ground in the field of industrial disease with its recognition of the relationship between gold mining and the incidence of lung cancer among gold miners. On the basis of recommendations by the independent Industrial Disease Standards Panel, and by a second panel chaired by Dr. Anthony Miller of the University of Toronto, an interim policy establishing criteria for entitlement to compensation for gold miners with lung cancer was adopted at the end of the year. A more comprehensive policy, incorporating additional compensation criteria, received Board of Directors' approval in January, 1988.

In 1987, a WCAT Review Advisory Committee was established within the General Counsel's Office to review decisions of the Workers' Compensation Appeals Tribunal and to identify those which may raise issues concerning the interpretation of the policy and general law of the *Act*. The Committee assesses the implications of the Tribunal's decisions for Board policy and determines whether, in its opinion, decisions should be considered for review under Section 86n of the *Workers' Compensation Act*. Its recommendations are presented to the Board of Directors on a monthly basis.

In March, the Board of Directors decided to invoke Section 86n to review the issues of policy and general law raised in Decision No. 72 of the Workers' Compensation Appeals Tribunal, concerning the Tribunal's interpretation of the phrase "injury by accident". The Tribunal had ruled that, in order for such an injury to exist, it was not necessary to establish that the injury was associated with some discrete external chance occurrence. Rather, the Tribunal held

that, in order to constitute an injury by accident, it is sufficient if an injury occurs suddenly and unexpectedly during the routine performance of a worker's job.

Affected parties were given the opportunity to make both oral and written submissions in conjunction with the review, and public hearings were held in June, October and November. Under the terms of the *Act*, the Board is empowered to direct WCAT to reconsider its original ruling if it determines that the relevant statutory provision should be interpreted in a different fashion.

The Board of Directors also decided to initiate a Section 86n review of a series of WCAT decisions dealing with the retroactivity of the Board's chronic pain policy. The review will be deferred until WCAT releases its Addendum to Decision No. 915, which will also consider the general issue of retroactivity.

The retroactivity issue was the subject of a new policy established by the Board of Directors in October. As a result, Board policy changes are now generally effective only from the date of their approval. An exception may arise in the case of industrial disease, where the Board of Directors may instruct that the policy change take effect at an earlier date.

The report of the Downsview Review Team, commissioned by then Minister of Labour, the Hon. William Wrye, to conduct a general review of the programs and administration of the Downsview Rehabilitation Centre, was tabled in the Legislature in April, 1987, recommending a series of reforms. The Board examined the potential impact of the recommendations on the WCB and its client groups and presented a report to the Board of Directors in September, 1987. A second stage of this process, involving the development of a new strategy proposal for delivery of medical rehabilitation services, was initiated during 1987 and completed early in 1988.

A policy on the application and enforcement of Section 91(4) of the *Act*, empowering the Board to levy additional assessments on employers not taking sufficient precautions to ensure safe and healthy working conditions and the prevention of occupational diseases and injuries, was approved in December, 1987. The two-year program will be instituted on a pilot project basis in 1988, with a six-month introductory period, to ensure that employers in the province are fully aware of the nature and ramifications of this policy.

The Board's assessment rate strategy for 1988 was finalized following extensive consultation with the employer community, involving more than 70 meetings across the province. It included the establishment of a new rate schedule, modification of the methods used to determine maximum assessable earnings for certain workers, and the introduction of a pilot scheme to levy and collect assessment payments on a monthly basis in the logging, construction, trucking and steel industries.

Anticipated benefits of the latter initiative include a streamlining of assessment procedures and closer synchronization between the size and timing of assessment payments and changes in the level of business activity for each firm.

The number of employers in the 109 rate groups covered under Schedule 1 of the *Workers' Compensation Act* grew to 196,000 in 1987, up from 187,000 in 1986, an increase of 4.8 per cent.

Average Assessment Rate Increases Declining . . .

Assessments issued under Schedule 1 in 1987 totalled $1.96 billion, an increase of $360 million over the previous year's figure of $1.6 billion. The increase was due to the combined effects of a rise in assessment rates and growth in the assessable payroll base, attributable to an expanded workforce and higher average earnings levels. The average assessment rate in 1987 was $2.88 per $100 of assessable payroll, an increase of 8.7 per cent over the 1986 average rate.

The estimated average 1988 assessment rate of $3.02 per $100 of assessable payroll represents an increase of 4.9 per cent over the corresponding figure for 1987, the lowest such increase since 1982. No rate group will experience an increase of more than 10 per cent.

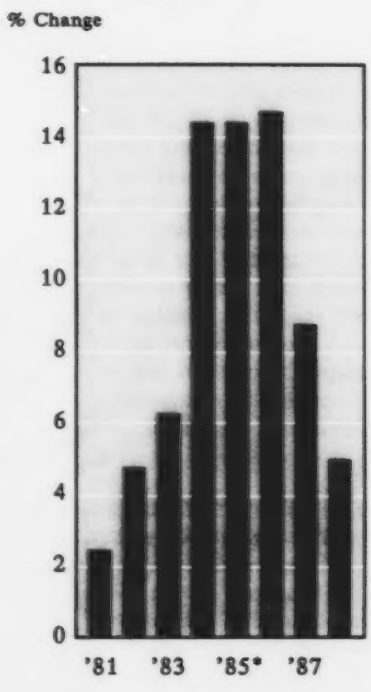
The 1988 assessment schedule is consistent with the long-term funding strategy adopted by the Board in 1984, with the objective of eliminating the unfunded liability of the Schedule 1 Accident Fund over a 30-year amortization period.

The mechanism chosen to achieve that objective was to institute an unfunded liability surcharge, averaging approximately 50 cents, on top of the assessment rate required to cover the full costs of each year's new claims. Its implementation involved a substantial increase, estimated at about 45 per cent, in the then average assessment rate of $2.17 per $100 of assessable payroll, in the absence of significant changes in the underlying parameters governing the cost of the compensation system.

It was decided that the required assessment rate increases would be phased in over a period of several years, subject to an annual limit on the maximum increase permitted for any individual rate group. As actual assessment rates gradually moved closer to their respective "target" rates, this maximum limit was reduced, from 15 per cent in 1985 and 1986, to 14 per cent in 1987, and to 10 per cent in 1988.

At the same time, commencing in 1987, some assessment rates were permitted to fall. In 1988, the number of rate groups experiencing a reduction in their assessment rates rose to 22 — about one-fifth of all rate groups — compared with 17 in 1987. No rate group received an

CHANGES IN THE AVERAGE RATE OF ASSESSMENT -SCHEDULE 1, 1981–1988



* *Adjusted for increase in the assessable earnings ceiling under Bill 101 in 1985.*

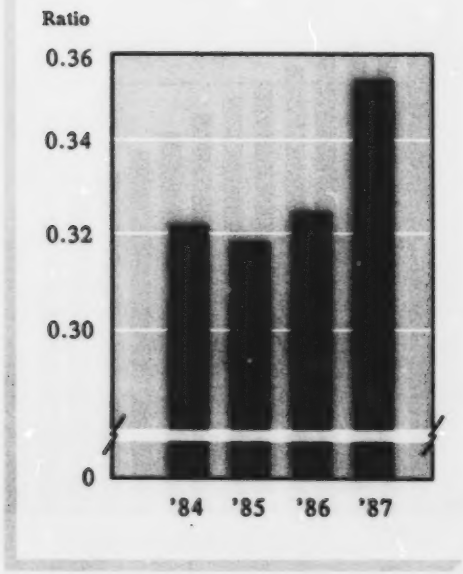
Assets Increasing in Proportion to Liabilities . . .

increase of more than 10 per cent in 1988, while 71 had increases in excess of this figure in 1987. The performance of the average assessment rate over the past few years clearly reveals a gradual downtrend in the level of increases, in line with the pattern anticipated when the long-term funding strategy was adopted.

Average rate increases are expected to moderate still further as each rate group attains its respective target rate — in 1988, about one-half of the rate groups have done so. These groups face the prospect of little or no increase, possibly even a decrease, in their assessment rates for 1989, provided their accident rates and claims cost performance do not deteriorate markedly in the intervening period.

SCHEDULE 1 FUNDING RATIO

RATIO OF SCHEDULE 1 ASSETS TO LIABILITIES, 1984–1987



The funding strategy has already had a positive effect on the "funding ratio" for Schedule 1 employers — that is, the ratio of Schedule 1 assets to Schedule 1 liabilities. The low point was reached, at just under 32 per cent, in 1985. Since then, the ratio has commenced a strong upward trend and is expected to continue to do so, in parallel with the moderation in assessment rate increases.

In the absence of major cost changes within the system, the average assessment rate should plateau within the next two to three years and remain relatively constant thereafter, until the unfunded liability surcharge is removed in 2014 — at which time the average assessment rate is expected to fall sharply. Under the Board's current assessment rate strategy, the unfunded liability is expected to peak, in constant dollar terms, in 1988-89 and decline gradually to zero within the next 25 years.

As a result of concerns identified through consultation meetings during the summer on the Board's assessment strategy, an inquiry into the Board's classification and assessment procedures in the logging industry was launched in September, 1987. Jack Biddell, former chairman of The Clarkson Company, and Cliff Pilkey, former president of the Ontario Federation of Labour, were appointed to consult with industry representatives and other interested parties and to report their findings to the Board of Directors in mid-1988.

A new set of principles to underwrite the Board's future strategy on experience rating was adopted in 1987, including procedures for the admission of new rate groups into the program. As a result, seven new rate groups entered the New Experimental Experience Rating (NEER)

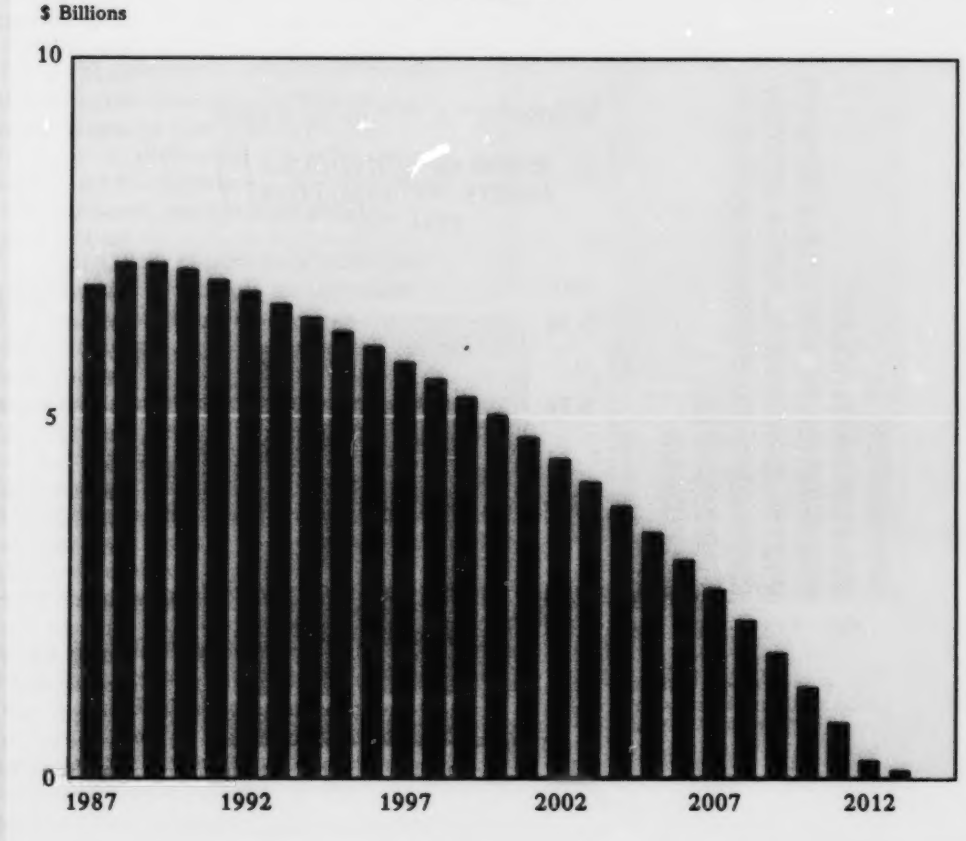
Unfunded Liability, in Constant Dollars, to Peak in 1988 — Eliminated by 2014, Based on Current Costs of System . . .

plan, effective January 1, 1988. This brings to 17 the growing number of rate groups now enrolled in NEER, covering more than 33,000 firms.

In 1987, 56,000 firms, in a total of 56 different rate groups, participated in the three experience rating plans operated by the Board (NEER, CAD-7 and the Voluntary Plan). The principal objective of each of these plans is to promote health and safety in the workplace, by providing a financial incentive for employers to reduce their own claims costs by cutting accidents and instituting measures for returning injured workers to post-injury employment. This is achieved by varying the assessment rate paid by each individual firm in accordance with its own accident record.

In 1987, substantial modifications to the NEER formula were developed and introduced, aimed at reducing the complexity of the formula and enhancing equity among participant employers. The Board

PROJECTED YEAR-END UNFUNDED LIABILITY
1987 Constant $



Growing Participation in Experience Rating Among Employers . . .

also mounted a major communications effort to explain the formula changes and the operation of the program, including information sessions for the employer community throughout the province, the distribution of explanatory brochures, and assistance to new rate groups in meeting the program's entry requirements.

A series of principles, reported in the Board's 1986 Annual Report, were adopted in January to guide the future approach to setting the net discount rate used to value the Board's liabilities. A revised net rate of three per cent was approved, reflecting current economic conditions and the anticipated earning potential of assets in the Board's Schedule 1 Accident Fund.

In addition, a new formula, based on the valuation discount rate plus one per cent, was adopted for determining the discount rate to be applied in the commutation of pensions. The commutation rate, which now stands at four per cent, applies to all commutations granted on or after January 1, 1986 — the date indexation of

INDUSTRIES ENTERING THE NEW EXPERIMENTAL EXPERIENCE RATING PROGRAM (NEER), 1984–1988*

NEER

1984	
001	*WOODS OPERATIONS*
008	*SAWMILLS*
012	*VENEER MILLS*
1985	
023	*PULP AND PAPER MILLS*
1986	
091	*MIXED MINING*
349	*PETROLEUM*
544	*RUBBER*
656	*TRUCKING*
882	*HOSPITALS*
1987	
405	*CHEMICALS*
1988	
272	*PLASTICS*
357	*GAS WELLS*
440	*ABATTOIRS*
555	*TEXTILES*
591	*KNITTING AND SPINNING*
890	*HOTELS, MOTELS*
898	*RESTAURANTS*

* *Rate numbers and industries are shown.*

Administration Expenses Decreasing as Percentage of Total Expenses . . .

benefits became effective under the *Workers' Compensation Act*.

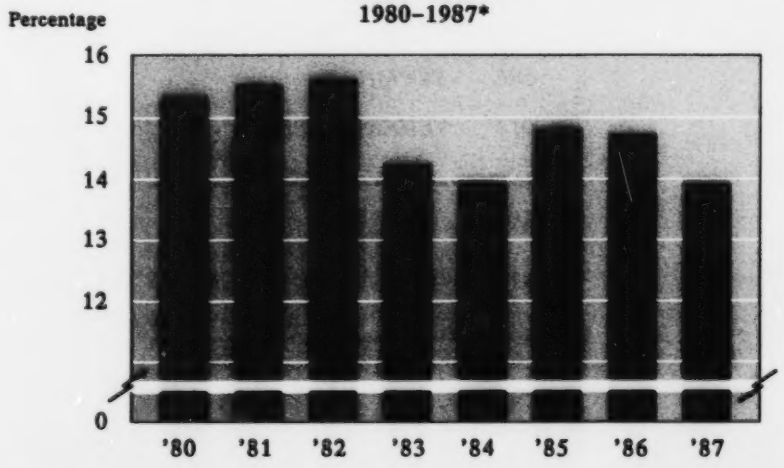
A new investment strategy was approved in April, 1987, including the establishment of a Board of Directors' Investment Committee. A proposal for a reconstituted Investment Advisory Committee was also approved. This second committee of external experts will review investment policies and procedures, recommend specific investment strategies, develop performance criteria, monitor implementation of the investment program, and evaluate its results.

After allowing for inflation and for the one-time implementation costs of items such as the new regional office in Windsor and new Integrated Service Units, the WCB's administrative budget for 1987 remained constant as compared with the previous year.

THE NEW STRUCTURE OF ADMINISTRATION

Over the course of the year, the Board successfully implemented a major reorganization of its structure and operating areas in order to improve services to its clients and to streamline the way it does business. The new structure of four Divisions — Client Services, Policy and Specialized Services, Corporate Services, and Strategic Policy and Analysis — has provided the framework for a new, integrated approach to service delivery and greater administrative efficiency of the Board's operations.

PERCENTAGE OF ADMINISTRATION TO TOTAL EXPENSES -SCHEDULE 1, 1980–1987*



* ***This chart presents administration expenses taken as a percentage of total direct Schedule 1 expenses. In addition to staff salaries, benefits, equipment, publications, occupancy costs, and medical and vocational rehabilitation services (excluding Downsview Rehabilitation Centre), "administration" also includes accident prevention (safety associations, OHSEA, grants). "Administration" does not include legislated obligations (expenses associated with the Occupational Health and Safety Act, Mine Rescue, WCAT, IDSP, and the Offices of the Worker and Employer Adviser). Expenses for 1987 do not include the one-time charge for accrued sick leave and vacation credits.***

Client Services

The Client Services Division comprises five operating areas, three of which provide direct and personalized service to the injured workers of Ontario. They incorporate the claims adjudication, medical and vocational rehabilitation functions, now performed within two departmental groupings of the Integrated Service Units and the Regional Services Department.

The fourth department — Divisional Management Services — provides common support services on a centralized basis for the Division, with responsibility for revenue, experience rating, legal services, employer relations, French language services, counselling functions and general administrative services. The Divisional Budget, Systems and Support area provides technical expertise and support services to the Division for all budget, human resource management and systems-related functions.

A number of initiatives were undertaken in 1987 to improve the Board's vocational rehabilitation services and programs, which continued to assist injured workers in returning to gainful employment. In 1987, the Board spent approximately $220 million on vocational rehabilitation, of which $40 million was spent on the provision of direct rehabilitation services, with an additional $160 million spent on supplementary income support for those engaged in Board-approved rehabilitation programs, and the balance related to administrative costs.

Fifteen employment campaigns were conducted in communities throughout Ontario during the year to promote the hiring of injured workers among local employers. Campaign strategies were modified to allow for more customized job searches and greater client involvement. Programs were also run on an ongoing basis to train clients in job search and interview techniques.

Other activities which assisted in job placement in 1987 included increased use of the Board's Work Experience Opportunity Program (WEOP), which provides on-the-job experience for injured workers following a period of formal training. Within the Board, for example, nine rehabilitated workers participated in this program, and were subsequently hired into temporary or permanent WCB staff positions.

Recruitment of rehabilitated workers was also facilitated through the Board's Injured Worker Employment Initiative. A total of 23 workers were hired for staff positions at Board offices across the province.

Consultative services on modified work programs were provided to employers and joint occupational health and safety committees to encourage injured workers' early return to work with the accident employer. Consultation was provided to 140 companies provincewide over the course of the year, and information sessions were held with some 95 union locals and labour councils with an interest in these programs.

There was a concerted effort among vocational rehabilitation staff in 1987 to liaise more closely with local communities, in order to foster cooperative working relationships and to meet the needs of Board clients more effectively. Staff continued to participate in local advisory councils across the province, organized in cooperation with Canada Employment Centres, to discuss areas of common concern with respect to job training, and to develop methods of improving services to the local community.

The French Translation Bureau continued to support the Board's commitment to providing high quality service in the

French language to its clients. Over the course of the year, the Bureau produced more than two million words of translation from a wide variety of written materials. A WCB bilingual lexicon, containing more than 2,000 key terms and expressions in common usage at the Board, was also completed and distributed to bilingual staff.

The Division dealt extensively with the employer community on assessment and related issues throughout the year, addressing general inquiries and convening information sessions on a variety of topics. In addition, 11,063 employer audits were performed during 1987, resulting in an additional levy of $4.1 million in assessments, a significant increase over the corresponding figure of $2.2 million in 1986.

Corporate Services

The Corporate Services Division provides a variety of support services to other parts of the organization. It contains the departments of Finance and Administration, Management Information Services and Review Services, the Human Resources and Internal Audit Branches, an Employment Equity section, and a Divisional Budget, Systems and Support group.

In 1987, the Corporate Services Division underwent substantial reorganization in order to improve the efficiency of its operating areas and to upgrade the administrative support it provides to the Board.

A report on the internal organization and operational effectiveness of the Division, prepared by the Coopers and Lybrand Consulting Group, was presented to the Board of Directors in September, 1987. The report recommended a number of structural changes to streamline the Division's operations and to realize the objective of greater efficiency. On the basis of these recommendations, an internal organizational review was launched to identify new roles and responsibilities as well as staffing requirements. This review was completed and implemented during the first quarter of 1988.

In 1987, the Review Services Department undertook a series of initiatives designed to enhance the quality and timeliness of the decision-making process and to streamline access to claim files. These included the introduction of audits for quality control, the establishment of service delivery deadlines, the introduction of a postponements policy, and the development of a pilot project to regionalize access to claim files.

Further progress was made during the year in the development and maintenance of computerized business systems and corporate data bases to increase the efficiency of services to the Board's clients. In late 1987, an IBM 3090-400E mainframe processor was installed, providing the Board with the capacity to adapt to future technological changes while maintaining existing levels of service throughout the remainder of the 1980s. In addition, the Board upgraded its electronic office and word processing capabilities, with the acquisition of a new system.

A Survivors' Benefits System was fully implemented in July to provide a database for the processing of fatality claims and to automate the calculation and issuance of payments. Under the new system, survivors' payments are processed on the first day of each month, thereby simplifying the adjustment of benefits and facilitating the eventual move to direct deposit in recipients' bank accounts.

In addition, Phase II of the Rehabilitation Information System (RIS) was partially completed in 1987. As a result, an on-line agency registration system is now in place, permitting rehabilitation counsellors to search agencies by location and type of program, in order to facilitate selection of the most appropriate program for injured workers.

During the year, the Board of Directors approved a statement of principles governing the Human Resources policies of the Board, emphasizing an employee's right to work in a safe and fair environment, and underlining the Board's commitment to the development and promotion of excellence in employee performance.

Important initiatives with respect to staff development included a new compensation plan for senior executives, based on the accomplishment of objectives set out in individual performance agreements, and new policies on part-time employment and job-sharing for non-bargaining unit staff.

A new system of bi-weekly salary payments was introduced for non-union staff, with payments deposited directly in each employee's bank account. With a view to improving service to WCB clients, the principle of direct deposit will be extended during 1988 to cover worker and survivor pensions, as well as health care agency billings.

In April, the Board expanded its commitment to employment equity in the workplace beyond the needs of women and the disabled by addressing the employment needs of visible minorities and native groups. Steps were taken to identify relevant employment issues, and an Advisory Committee on Race Relations was established. These will be developed further in 1988.

Programs were implemented during 1987 to ensure accessibility to WCB offices for people with disabilities and to install, at Head Office, a device to assist hearing-impaired individuals who are unable to use a conventional telephone.

Policy and Specialized Services

The Policy and Specialized Services Division provides the Board with a mechanism for the development of integrated operational policies and the provision of a range of high quality, specialized medical and vocational rehabilitation programs and services, which assist injured workers in returning to work and promote the prevention of workplace accidents through education.

The Division has seven operating areas, including the Downsview Rehabilitation Centre (DRC), the Occupational Health and Safety Education Authority (OHSEA), and a Divisional Budget, Systems and Support group.

The Policy and Program Development Department is responsible for development of the Board's operational policies, and the administrative guidelines to link these policies to program delivery. It also carries out staff training for the operating areas and the dissemination of policy information. In March, 1988, the first issue of *Policy Report*, a bi-monthly newsletter, was produced for internal and external stakeholders with an interest in a wide variety of Board policy issues.

The remaining three operating areas deal with the provision of specialized medical and vocational services. The Specialized Vocational Rehabilitation Department provides rehabilitation counselling, consulting and technical services. The Specialized Medical Services Department provides medical and surgical consultant opinions, advice on health care fee

schedules and unusual medical procedures, and assessment of the clinical impairment of injured workers. It is also responsible for the recruitment, training and evaluation of medical staff in other areas of the Board. The Occupational Disease Department, which became fully operational in January, 1988, provides an integrated, full service to claimants with occupational diseases. The Department also monitors emerging trends and provides policy and technical advice with respect to occupational diseases.

The Board's strong commitment to occupational health and safety continued in 1987. The OHSEA assisted in the prevention of occupational injuries and diseases by promoting the effective delivery of health and safety education services among Ontario's workers and employers.

The first phase of the OHSEA's Planning and Evaluation System, designed to create a strategy which will enhance the development of effective occupational health and safety education programs provided by the delivery agencies, was completed in July, 1987. A report, by ARA Consultants Limited, noted a positive perception among management and workers concerning current programs and put forward a number of recommendations which are currently under review. Phase II of the project, dealing with the formulation of plans for the ongoing evaluation of occupational health and safety education and training programs, is currently in progress.

A two-year program to provide occupational health and safety education services to the Ontario Municipal Water Association (OMWA) was completed in 1987, in conjunction with the Electrical Utilities Safety Association (EUSA). Arrangements have been made for EUSA to provide services to a number of OMWA member firms on a permanent cost recovery basis. In addition, an experimental program to serve municipalities throughout Ontario entered its second of three years in 1987.

In the wake of a federal government initiative to establish the Workplace Hazardous Materials Information System (WHMIS) and Ontario legislation — Bill 79 — governing "the right to know", the OHSEA agreed to coordinate an initiative with the delivery agencies to develop a WHMIS training program for employers and workers in the province. The program will be developed in two phases, under the auspices of an executive coordination committee chaired by a representative of the Ministry of Labour, and composed of representatives of management and labour, as well as the OHSEA.

Phase I contains general modules on the new legislation, basic occupational health, emergency and control handling, and identification of materials. Phase II will be more specific to the workplace, with six generic modules explaining the characteristics of certain groups of chemicals.

The OHSEA also conducted a comprehensive review of Regulation 950, governing first aid requirements. Individuals and organizations were invited to comment on the current regulation, and to put forward recommendations for its revision. The review process is scheduled for completion in 1988.

To ensure high quality treatment and a more personalized service at the Downsview Rehabilitation Centre, admission levels for each general clinic were reduced from 14 to 10 patients per week. Total admissions to the Centre were reduced by the Board to 10,180 in 1987,

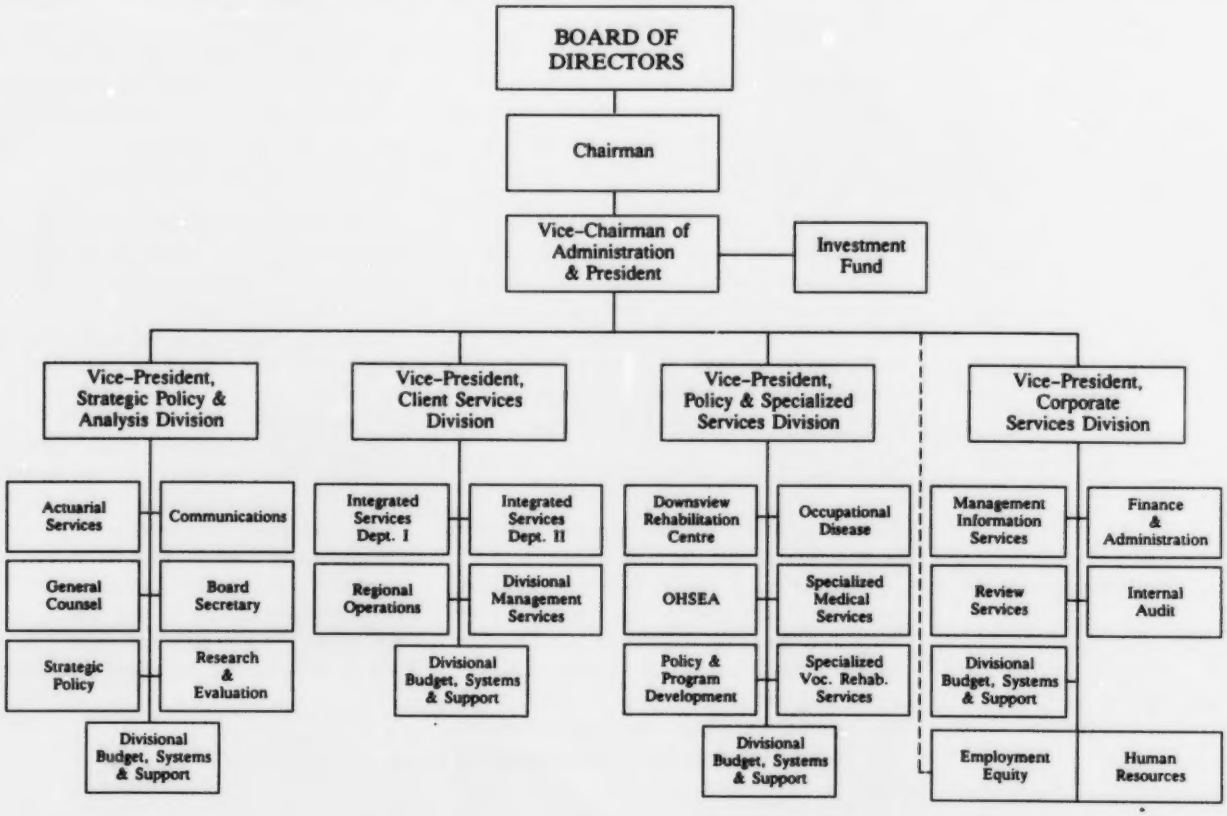
from 13,522 the previous year. In addition, the number of beds per room in the dormitory was reduced to provide more privacy.

In July, representatives of the Office of the Worker Adviser commenced operations at the Centre on a six-month trial basis, to provide injured workers with information on advisory services available to them in the province.

In an effort to provide early active medical rehabilitation services to injured workers with musculo-skeletal disorders, the Board initiated pilot projects during 1987 to provide rehabilitation services in several Ontario communities. These services are provided to workers who require rehabilitation services commencing 20 to 70 days post-injury on a fee-for-service basis. Clinics were opened to treat injured workers in their local communities in Hamilton, Toronto, Thunder Bay, Sudbury, London and Windsor during 1987, and in Ottawa, Kingston and London in early 1988. Evaluation of the pilot projects is currently underway. Early results are encouraging, and the study will continue through 1988.

The Board also entered into discussions during the year with a community group in Sudbury, in an effort to establish an

WORKERS' COMPENSATION BOARD



experimental medical rehabilitation program for injured workers who have not sufficiently recovered to return to work within 90 days of their work-related injury. As part of this process, the Board undertook to specify the medical rehabilitation services it would be interested in purchasing on a fee-for-service basis in the Sudbury area.

In September, a behavioural therapy pilot project was initiated at the Columbia Centre for Integrated Health Services in Toronto. The Centre treats injured workers on a fee-for-service basis, and focuses on those workers whose experience in the year following their injury suggests they might benefit from behavioural therapy. A second clinic, the Behavioural Health Clinic, commenced services on a similar basis in January, 1988. An evaluation of both clinics will be undertaken by the Board during 1988.

The Board's Worksite Analysis Section completed 183 worksite analyses over the course of the year, providing expert advice to employers on the design or redesign of the workplace to accommodate rehabilitated workers. This figure represents a 13 per cent increase over 1986, demonstrating the growing demand for this service among Ontario's employers. An ergonomic work guide package was also developed in 1987 to assist rehabilitation counsellors in understanding basic ergonomic principles.

Strategic Policy and Analysis

The strategic policy and analysis function at the Board was expanded during 1987, leading to the creation of a new Division, which replaced the former Strategic Planning and Analysis Department. The Division's focus is on issues of organization-wide strategic importance, as distinct from the operational policy focus provided by the Policy and Specialized Services Division.

The Division is responsible for the provision of advice and analysis on a variety of legal, economic and actuarial issues, as part of the process of strategic policy development. In addition to the Branches formerly in the Strategic Planning and Analysis Department — the General Counsel's Office, the Strategic Policy Branch and the Board Secretary's Office — the new division includes a Research and Evaluation Branch, which will monitor and assess the impact of Board programs, the Actuarial Services Branch, Communications Services and a Divisional Budget, Systems and Support group.

Over the course of the year, the Division participated in and helped to coordinate a number of major policy initiatives, including several previously outlined. In April, 1987, the Board of Directors approved a detailed delegation of authority policy, identifying those statutory powers delegated to certain classes of Board officials and the key administrative powers which are to be exercised exclusively by the Board of Directors.

In an effort to better understand the nature of rising costs in workers' compensation in Ontario, the Board retained the services of the Peat Marwick Consulting Group in 1987 to analyse the growth in costs over the period 1975–1986.

Its report was presented to the Board of Directors in September and was subsequently made available to the general public. It established a comprehensive and systematic framework within which to analyse cost trends, and helped to quantify the relative contribution of various key factors to the overall growth in costs. The report concluded that, after allowing for inflation and changes in

the covered workforce, the annual growth in benefit costs averaged 4.1 per cent over the 11-year period examined; administrative costs, similarily adjusted, rose an average of 0.5 per cent per year over the same period of time.

The promotion of WCB programs, policies and initiatives among the Board's clients continued during 1987, with enhanced communications strategies designed to convey the Board's new way of doing business. The establishment of closer links between the communications services function and the strategic policy development process reflects a recognition of the need both to instil a greater awareness among client groups of changes in Board policies and programs, and to facilitate consultation with stakeholders on issues of strategic importance to the Board, such as the assessment rate strategy, experience rating, and changes in medical and vocational rehabilitation policy.

A full program of communications service to Ontario's ethnic communities was promoted by way of public presentations, broadcast editorials, and print materials. The Board's audio-visual unit produced more than 160 items of ethnic programming for broadcast on provincial, local and cable television networks.

In March, 1987, publication of a new monthly report, *Communiqué*, was launched to inform stakeholders and to highlight the decisions made at Board of Directors' meetings. The report is distributed to individuals and organizations with an interest in the Board's operations and, more generally, in the field of workers' compensation.

In retrospect, the past year has been one of great achievement for the Workers' Compensation Board. The organizational changes that have been made, and those that will be made in 1988, demonstrate the Board's resolve and steadfast commitment to providing improved service to our clients in a more personal, timely and fair manner, within a framework of sound financial management.

EXECUTIVE COMMITTEE

Robert G. Elgie, Q.C., M.D., F.R.C.S.(C)
Chairman of the Board

Alan D. Wolfson, Ph.D.
Vice-Chairman of Administration and President

Robert D. Reilly
Vice-President,
Client Services Division

Sam Van Clieaf
Vice-President,
Corporate Services Division

Elizabeth A. Kaegi, M.D.
Vice-President,
Policy and Specialized Services Division

Robert Coke
Vice-President,
Strategic Policy and Analysis Division

Linda Angove
Secretary of the Board

Facts and Figures

STATISTICAL RECORD OF CLAIMS PROCESS

In 1987, **new claims** reported to the Workers' Compensation Board across the province totalled 469,681, an increase of 6.2 per cent over 442,080 new claims in 1986.

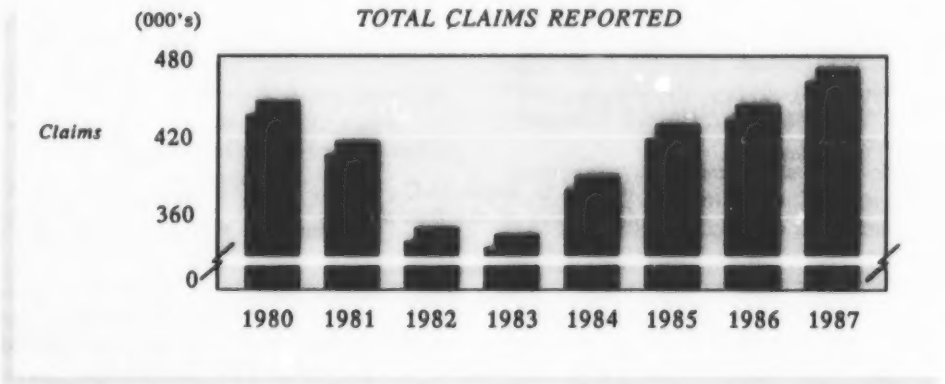
Of total claims, 63.9 per cent (299,966) were reported to the Board's Toronto Head Office, while 36.1 per cent (169,715) were reported to **regional offices**. The Hamilton Regional Office handled 72,789 claims (15.5 per cent of the provincial total); London 31,091 (6.6 per cent); Sudbury 15,867 (3.4 per cent); Thunder Bay 14,074 (3 per cent); and Ottawa 35,894 (7.6 per cent) in the eight months of the year it was operational. It is estimated that the Ottawa Regional Office will process approximately 10 per cent of all claims filed with the Board in the course of a full calendar year.

During 1987, 44.6 per cent (209,255) of total new claims were accepted as lost-time claims, involving time off work and compensation payments. An additional 47.2 per cent (221,729) were accepted as no lost-time claims, for accidents which necessitated health care treatment but no time off work beyond the day of the accident. The remainder of claims were denied or otherwise categorized (including withdrawn or pending claims).

VOLUME AND TYPE OF CLAIMS, 1980-1987

Number of Claims and Percentage of Total Claims

	1980		1981		1982		1983		1984		1985		1986		1987	
	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%
Allowed lost-time claims	165,221	37.1	163,366	39.4	148,713	42.5	147,666	42.8	172,002	44.2	188,461	44.2	203,241	46.0	209,255	44.6
Allowed no lost-time claims	246,255	55.4	222,374	53.6	183,990	52.6	175,871	51.0	192,919	49.6	207,104	48.5	210,375	47.6	221,729	47.2
Denied claims	28,332	6.4	25,582	6.1	15,842	4.5	16,989	4.9	20,343	5.2	24,020	5.6	25,742	5.8	29,570	6.3
Other (including withdrawn or pending claims)	4,866	1.1	3,722	0.9	1,202	0.4	4,232	1.3	3,581	1.0	7,295	1.7	2,722	0.6	9,127	1.9
Total claims	444,674	100.0	415,044	100.0	349,747	100.0	344,758	100.0	388,845	100.0	426,880	100.0	442,080	100.0	469,681	100.0



There were 230* allowed **fatal claims** by year of death in 1987, compared with 208 the previous year. (*preliminary figure)

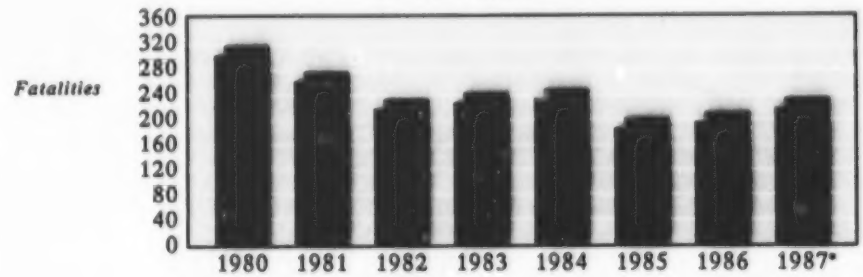
OCCUPATIONAL FATALITIES, 1980-1987

	1980	1981	1982	1983	1984	1985	1986	1987
Fatalities	315	274	230	240	245	199	208	230*

*Preliminary figure

NOTE:
1) Represents allowed claims for fatalities based on the year of death of the worker;
2) Includes deaths arising out of occupational illnesses and injuries;
3) Allowed fatal claims are subject to slight change with time as new allowed claims are assigned to the year of death.

TOTAL FATALITIES



* *1987 total is preliminary.*

New **permanent disability pension awards**, comprising life and provisional awards, totalled 16,733 in 1987, up 12.8 per cent from 14,832 in 1986. A total of 17,163 special supplements were awarded during the year, 19.3 per cent more than in 1986 (14,381).

The number of active life and provisional awards on file at the end of the year increased to 116,398, up 8.9 per cent from 106,864 in 1986.

NEW PENSION AWARDS AND SPECIAL SUPPLEMENTS IN A YEAR BY PERCENTAGE OF PERMANENT DISABILITY, 1980-1987*

Number of Life and Provisional Awards and Percentage of Total Awards**

Percentage of Permanent Disability	1980		1981		1982		1983		1984		1985		1986		1987	
	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%
10.0% and less	4,257	46.2	4,442	42.6	5,631	45.2	5,976	47.0	6,522	44.0	6,250	45.9	6,997	47.2	8,379	50.1
10.1% to 20.0%	2,912	31.6	3,513	33.7	4,130	33.2	4,416	34.8	5,640	38.1	4,907	36.0	5,390	36.3	5,737	34.3
20.1% to 50.0%	1,614	17.5	2,010	19.3	2,208	17.7	1,906	15.0	2,222	15.0	2,044	15.0	2,048	13.8	2,230	13.3
50.1% to 99.9%	255	2.8	291	2.8	281	2.3	214	1.7	301	2.0	287	2.1	254	1.7	244	1.5
100.0%	173	1.9	165	1.6	206	1.6	189	1.5	131	0.9	138	1.0	143	1.0	143	0.8
Total awards	9,211	100.0	10,421	100.0	12,456	100.0	12,701	100.0	14,816	100.0	13,626	100.0	14,832	100.0	16,733	100.0

Number of Special Supplements and Percentage of Total Awards

Percentage of Permanent Disability	1980		1981		1982		1983		1984		1985		1986		1987	
	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%
10.0% and less	234	6.7	248	6.0	236	4.1	180	2.4	214	2.4	167	1.4	300	2.1	399	2.3
10.1% to 20.0%	414	11.8	393	9.5	385	6.7	330	4.5	431	4.8	804	6.9	522	3.6	797	4.6
20.1% to 50.0%	963	27.4	995	24.1	1,039	18.0	1,034	14.0	1,403	15.7	2,408	20.5	2,532	17.6	3,260	19.0
50.1% to 99.9%	1,900	54.0	2,491	60.3	4,098	71.1	5,832	79.0	6,873	77.0	8,339	71.1	9,155	63.7	10,696	62.3
100.0%	4	0.1	3	0.1	8	0.1	4	0.1	9	0.1	16	0.1	14	0.1	27	0.2
No % Permanent Disability***	—	—	—	—	—	—	—	—	—	—	—	—	1,858***	12.9	1,984***	11.6
Total awards	3,515	100.0	4,130	100.0	5,766	100.0	7,380	100.0	8,930	100.0	11,734	100.0	14,381	100.0	17,163	100.0

*Excludes lump sum awards.

**Provisional pensions are awarded in certain cases for a fixed period of years.

***Since 1986, special supplements for old age were not assigned a specific per cent permanent disability.

ACTIVE PENSION AWARDS AND SPECIAL SUPPLEMENTS AT DECEMBER 31 OF EACH YEAR BY PERCENTAGE OF PERMANENT DISABILITY, 1980-1987*

Number of Active Life and Provisional Awards and Percentage of Total Awards**

Percentage of Permanent Disability	1980		1981		1982		1983		1984		1985		1986		1987	
	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%
10.0% and less	24,119	38.1	26,317	38.4	29,621	39.1	33,068	39.9	36,871	40.4	40,342	40.8	44,198	41.4	49,193	42.3
10.1% to 20.0%	25,348	40.1	27,235	39.7	29,647	39.1	32,273	38.9	35,736	39.1	38,629	39.1	41,729	39.0	45,064	38.7
20.1% to 30.0%	6,523	10.3	7,268	10.6	8,114	10.7	8,834	10.7	9,620	10.5	10,294	10.4	10,979	10.3	11,813	10.1
30.1% to 50.0%	4,231	6.7	4,568	6.7	4,921	6.5	5,172	6.2	5,423	5.9	5,698	5.8	5,948	5.6	6,182	5.3
50.1% and more	3,020	4.8	3,210	4.6	3,440	4.6	3,574	4.3	3,742	4.1	3,907	3.9	4,010	3.7	4,146	3.6
Total awards	63,241	100.0	68,598	100.0	75,743	100.0	82,921	100.0	91,392	100.0	98,870	100.0	106,864	100.0	116,398	100.0

Number of Special Supplements and Percentage of Total Awards

Percentage of Permanent Disability	1980		1981		1982		1983		1984		1985		1986		1987	
	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%	Awards	%
10.0% and less	116	7.3	109	6.8	98	4.7	81	3.0	88	2.6	62	1.5	111	1.7	155	1.7
10.1% to 20.0%	324	20.5	306	19.1	310	15.0	280	10.3	289	8.6	592	13.9	274	4.0	317	3.5
20.1% to 30.0%	351	22.2	306	19.1	323	15.6	280	10.3	293	8.8	554	13.0	339	5.0	388	4.3
30.1% to 50.0%	322	20.4	334	20.8	339	16.4	372	13.6	435	13.0	679	15.9	674	9.9	738	8.2
50.1% and more	467	29.6	547	34.2	1,000	48.3	1,717	62.8	2,240	67.0	2,373	55.7	3,009	44.4	3,588	39.8
No % Permanent Disability***	—	—	—	—	—	—	—	—	—	—	—	—	2,377***	35.0	3,829***	42.5
Total awards	1,580	100.0	1,602	100.0	2,070	100.0	2,730	100.0	3,345	100.0	4,260	100.0	6,784	100.0	9,015	100.0

*Excludes lump sum awards.

**Provisional pensions are awarded in certain cases for a fixed period of years.

***Since 1986, special supplements for old age were not assigned a specific per cent permanent disability.

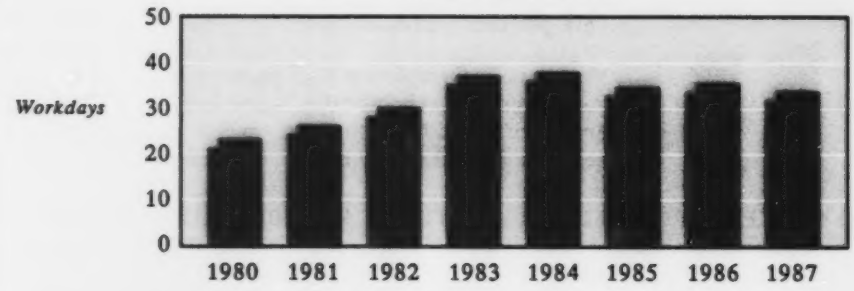
The average duration on temporary total benefits, or the average number of workdays injured workers were on temporary total compensation in 1987, was 34 workdays (6.8 weeks), down from 35.7 workdays in 1986.

AVERAGE DURATION ON TEMPORARY TOTAL BENEFITS, 1980-1987*

	1980	1981	1982	1983	1984	1985	1986	1987
Average number of workdays	23.4	26.4	30.3	37.4	38.1	34.9	35.7	34.0
Converted to weeks on benefit	4.7	5.3	6.1	7.5	7.6	7.0	7.1	6.8

*These are the average workdays on temporary total compensation, for compensation claims which were closed or initially settled in the year involved. They are not persistency values, which is a term used by the Board's actuarial services for costing purposes.

AVERAGE NUMBER OF WORKDAYS ON TEMPORARY TOTAL BENEFITS



Industrial disease consultants reviewed 10 per cent more claims in 1987, for a total of 24,717 (from 22,470 in 1986). Permanent disability examinations of injured workers totalled 19,575, up 6.3 per cent from 18,413 in 1986.

Home modifications were arranged for 490 injured workers (up 4.9 per cent from 467 in 1986) who, because of severe disability, medically required modifications to their home. A total of $1,306,040 was paid for these modifications in 1987, at an average cost of $2,665 per injured worker.

Admissions to the **Downsview Rehabilitation Centre** were reduced by the Board in 1987 to 10,180, from 13,522 the previous year, a 24.7 per cent decrease, and the number of available beds was reduced to 379, from 499 in 1986. Of total admissions, 5,600 patients completed the full-treatment program, 35.7 per cent fewer than in 1986 (8,702), and stayed at the Centre for an average of 20.8 days (19.9 the year before). Of patients who completed the full-treatment program, 4,576 were medically fit to return to work, a success rate of 81.7 per cent in these complicated cases.

FULL-TREATMENT PROGRAMS COMPLETED AT DOWNSVIEW REHABILITATION CENTRE AND WORKERS MEDICALLY FIT TO RETURN TO WORK, 1980-1987

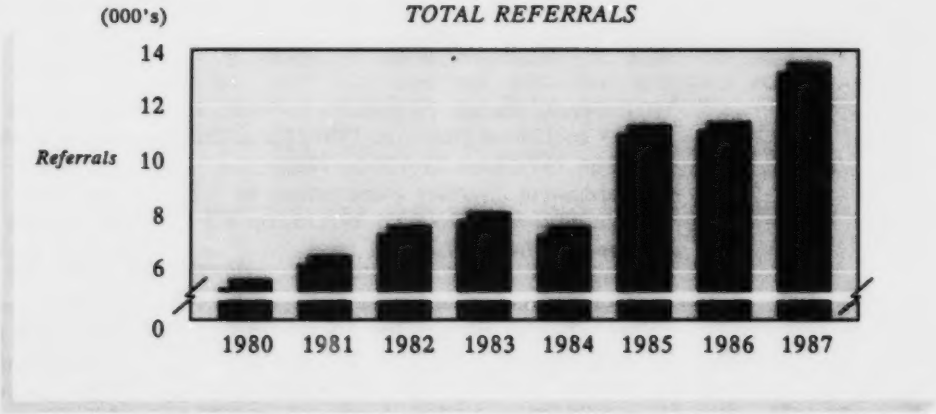
	1980	1981	1982	1983	1984	1985	1986	1987
Workers who completed full-treatment program	5,955	6,126	6,059	6,520	6,944	9,438	8,702	5,600
Workers medically fit to return to work	4,594	4,639	4,651	5,188	5,731	7,893	7,287	4,576

Injured workers across the province referred for **vocational rehabilitation services** at the Board totalled 13,496 in 1987, compared with 11,365 in 1986, an 18.8 per cent increase.

Vocational rehabilitation staff were instrumental in rehabilitating 6,156 injured workers during the year, up 3.5 per cent from the year before. Of these, 5,229 workers were returned to work, 54.8 per cent of them (2,867) to a new employer, 38.3 per cent (2,001) to the accident employer, and 6.9 per cent (361) became self-employed. The remaining 927 workers, who will not be returning to employment, were assisted in achieving financial self-sufficiency.

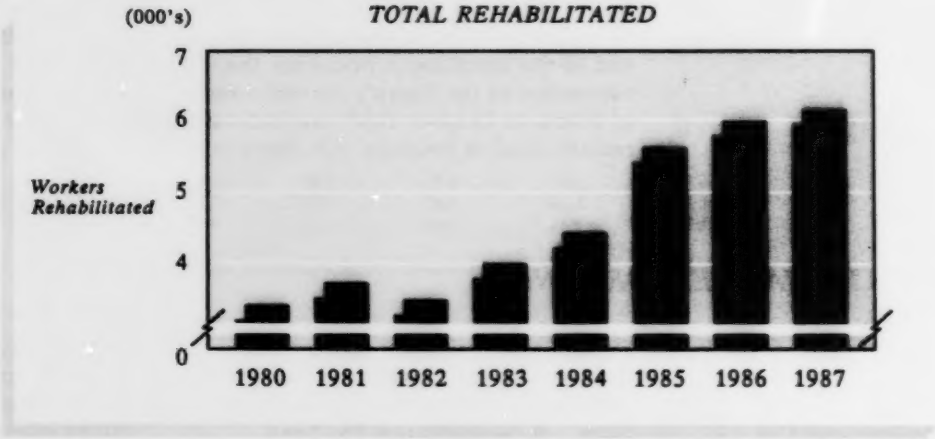
INJURED WORKERS REFERRED FOR VOCATIONAL REHABILITATION, 1980-1987

	1980	1981	1982	1983	1984	1985	1986	1987
Injured workers	5,707	6,545	7,656	8,126	7,633	11,269	11,365	13,496



INJURED WORKERS REHABILITATED, 1980-1987

Injured Workers Employed With...	1980	1981	1982	1983	1984	1985	1986	1987
;cident employer	848	1,020	991	1,320	1,293	2,031	2,145	2,001
;ew employer	1,772	1,893	1,545	1,651	2,162	2,534	2,678	2,867
Self-employed	185	191	169	217	259	309	328	361
Total employed	2,805	3,104	2,705	3,188	3,714	4,874	5,151	5,229
Assisted in becoming financially self-sufficient	609	608	777	793	696	707	794	927
Total rehabilitated	3,414	3,712	3,482	3,981	4,410	5,581	5,945	6,156



In 1987, 5,234 **job opportunities** across Ontario were located by Board staff for use in the placement of rehabilitated workers, a 4.9 per cent increase over 1986 (4,990). Rehabilitated workers were placed in 1,809 (34.6 per cent) of these jobs, through the employment assessment and training-on-the-job programs. More job opportunities are obtained than are filled in order to provide workers with a selection of jobs from which to choose the most suitable.

Injured workers participated in 5,166 vocational evaluations during the year, up 7.9 per cent, in order to help identify their interests, aptitudes and capabilities and to assist in vocational planning and job placement. Some 3,455 training programs were commenced for injured workers, a 10.8 per cent increase over 1986.

VOCATIONAL EVALUATIONS AND TRAINING PROGRAMS COMMENCED, 1980-1987

	1980	1981	1982	1983	1984	1985	1986	1987
Vocational evaluations	2,758	2,780	2,775	3,302	3,837	4,499	4,789	5,166
Training programs	2,246	2,319	2,451	2,400	2,654	2,614	3,118	3,455

A total of 12,129 **objections to Board decisions** were reviewed by the Board's decision review specialists during 1987, or an average of 1,011 claims per month. This represents an increase of 16.1 per cent over the number of objections reviewed in 1986 (10,448). Of this total, 30 per cent of objections were granted, either in whole or in part, compared with 34.6 per cent in 1986.

Hearings officers at the Board conducted 3,571 hearings in 1987, compared with 4,154 hearings in 1986, a decrease of 14 per cent. This decrease marks the end of the transition period since the conversion to the Board's current system of review in October 1985, and reflects a realistic level of hearings. Of objections heard, 51 per cent were granted, either in whole or in part, compared with 59.1 per cent in 1986.

Requests for **access to claim files**, which is available to injured workers and employers when an adverse decision has been rendered in an operating area of the Board and an objection raised, increased by a significant 19.9 per cent during the year. Access to files totalled 26,839 in 1987, up from 22,390 in 1986. By year's end, the department was meeting its standard of providing access to workers within two weeks in 76 per cent of requests. Access was provided to employers within two weeks in 70 per cent of requests, due to legislative restrictions on access for employers.

OPERATIONAL PERFORMANCE

Surveys are carried out regularly to measure the **time lags in processing the first compensation cheque** for a new claim. A categorization has been developed, based on the extent of information available on initial notification of a new claim.

For "uncomplicated claims", all the required information to process the claim is available on the employer's report (Form 7); "Claims instituted on the doctor's first report" (Form 8) generally require further reports from the employer/worker; "Complicated claims" involve complicated injuries and/or require substantial further inquiries or full field investigations. Of new claims volumes, approximately 55 per cent are uncomplicated claims, 11 per cent are claims initiated by the doctor's first report, and 34 per cent are complicated claims.

In 1987, 97.7 per cent of uncomplicated claims were processed, and the first compensation cheque issued, within three working days of the Board's receipt of accident notification. Some 80.8 per cent of claims instituted on a doctor's first report were processed within 10 working days, while 73.3 per cent of complicated claims were processed within 30 working days.

CLAIMS PAYMENT RESPONSE TIMES, 1980-1987*

Uncomplicated Claims (Instituted on employer's report)	1980 %	1981 %	1982 %	1983 %	1984 %	1985 %	1986 %	1987 %
% of claims paid within...								
3 workdays	94.6	95.3	95.7	96.1	96.8	98.0	97.5	97.7
4 workdays	96.6	98.1	98.7	97.9	97.8	99.0	99.1	98.6
5 workdays	96.9	98.8	99.2	98.5	98.8	99.3	99.4	99.0
Claims Instituted on Doctor's First Report (Requiring additional reports from employer/employee)								
% of claims paid within...								
10 workdays	58.1	44.4	60.6	92.9	89.7	84.6	86.4	80.8
20 workdays	78.2	67.5	86.1	98.4	98.1	97.5	97.7	96.6
30 workdays	91.9	82.8	94.9	99.4	99.1	100.0	100.0	99.3
Complicated Claims (Needing inquiries or full field investigations)								
% of claims paid within...								
10 workdays	22.1	35.1	36.0	36.8	36.8	37.0	29.5	22.2
20 workdays	50.6	62.2	67.5	66.6	65.9	67.5	61.2	55.5
30 workdays	75.3	76.9	82.0	84.3	84.0	82.5	80.4	73.3

* A comparison over eight years of the time between the Board's receipt of accident notification and its issuing of the first compensation cheque.

NOTE: Claims excluded:

1) Claims in which there was a change in status from "no lost-time" to "lost-time";

2) Hernia claims;

3) Industrial disease claims.

SCHEDULE 1 ACCIDENT FUND

Employers in Ontario who are covered under Schedule 1 of the *Workers' Compensation Act* contribute to a collective accident fund, which is divided into 109 active rate groups for the purpose of issuing assessments and paying benefit expenses. In 1987, the number of **employers covered under Schedule 1** grew to 196,000 from 187,000, an increase of 4.8 per cent.

Assessment income in 1987 rose to $1.96 billion from $1.6 billion, an increase of $360 million. The estimated payroll reported by Schedule 1 employers rose to $65 billion from $58.6 billion in 1986, a 10.9 per cent increase.

CHANGES IN SCHEDULE 1 ASSESSMENT INCOME AND ASSESSABLE PAYROLL, 1980-1987 (1980 = 100%)

	1980	1981	1982	1983	1984	1985	1986	1987
Assessment income (Millions of $)	$529.0	$601.0	$704.0	$789.0	$1,060.0	$1,330.0	$1,600.0	$1,962.0
Percentage change - Assessment	100%	114%	133%	149%	200%	251%	302%	371%
Total payroll (Billions of $)	$ 32.7	$ 37.4	$ 40.9	$ 42.3	$ 48.4	$ 52.2	$ 58.6	$ 65.0
Percentage change - Total payroll	100%	114%	125%	129%	148%	160%	179%	199%

The **earnings ceiling** for assessment purposes for a calendar year is now equal to the January 1st earnings ceiling for benefits. The earnings ceiling for both assessments and benefits for 1987 was set at $33,600, compared with $31,500 and $32,100 respectively in 1986.

Effective January 1, 1987, the minimum earnings for personal coverage (by sole proprietors, partners, independent operators and their spouses) was set at 50 per cent of the assessment ceiling on earnings, rounded down to the next $100. For 1987, therefore, the minimum earnings was fixed at $16,800.

The **average rate of assessment** for every hundred dollars of assessable payroll in 1987 was $2.88, an increase of 8.7 per cent over the 1986 average rate. The 1987 rates ranged from a low of $0.09 to a high of $29.30 per $100 of payroll. The estimated average for 1988 is $3.02, a 4.9 per cent increase over the 1987 average rate.

AVERAGE RATE OF ASSESSMENT FOR SCHEDULE 1 EMPLOYERS, 1980-1987
(rate per $100 of payroll)

	1980	1981	1982	1983	1984	1985	1986	1987
Average rate of assessment	$ 1.65	$ 1.69	$ 1.77	$ 1.88	$ 2.17	$ 2.31*	$ 2.65	$ 2.88
Lowest rate of assessment	$ 0.15	$ 0.20	$ 0.25	$ 0.26	$ 0.28	$ 0.14	$ 0.10	$ 0.09
Highest rate of assessment	$16.15	$18.00	$20.25	$21.85	$25.12	$25.12	$28.05	$29.30

*The average rate of assessment for 1985, before allowing for the increase in the earnings ceiling under Bill 101, was $2.46.

The Schedule 1 average annual assessment per worker in 1987 was $626. This average is based on 109 rate groups, which span a wide variety of industries in Ontario. It is bounded by a low of $23 per worker and a high of $8,725 per worker. The estimated average for 1988 is $678, an average increase of 8.3 per cent.

The Board administers three **experience rating** plans, affecting 56 of 109 rate groups. There were 55,849 firms eligible for experience rating in 1987, of which 75.9 per cent received credits totalling $67.3 million and 24.1 per cent received surcharges totalling $52 million.

The Board's Second Injury and Enhancement Fund (SIEF) provides financial relief to Schedule 1 employers when a worker's pre-existing or underlying condition contributes to a new injury or prolongs the period of disability. The share of a claim's cost that is attributable to the prior condition is charged to the fund rather than to the current employer. Compensation and health care benefit costs transferred to SIEF in 1987 totalled $218,193,858, up from $167,575,260 in 1986.

STATISTICAL APPENDIX
-- DETAILED CLAIMS PROFILES, 1980–1987

Charts which follow present a detailed breakdown of claims in the province — by nature of injury, disease, industry, and for temporary total, permanent disability and fatal claims — on the basis of claims "initially settled" in the year. This concept differs from the basis of claims information on previous pages of the Annual Report, which record "allowed new claims" by year of accident or year of death, but allows the type of descriptive detail contained in these profiles.

Initially settled claims are claims which are settled or closed for the first time. A claim becomes settled when no further activity is anticipated — for example, when no further compensation payments are expected. Claims which are settled in a given year may be for accidents or diseases which occurred in previous years, although most claims are settled within a few weeks of the accident.

The use of settled claims as a basis of these statistics permits a more detailed breakdown of claims information, and is commonly used by other Boards across Canada.

Definitions of specific claims information presented here are as follows:

Temporary Total (T.T.) Compensation Claim – A T.T. claim is a claim which has been allowed for temporary total compensation benefits. This is commonly referred to as a lost-time claim.

Permanent Disability (P.D.) Claim – A P.D. claim is a claim in which a permanent disability award is made. Most P.D. awards are made for life. Initially settled P.D. claims are P.D. claims which are settled in the year and the first settlement is for P.D. benefits. It does not include P.D. claims which are established after a claim is reopened and subsequently resettled.

Fatal Claim – A fatal claim is one in which a death claim is allowed. Initially settled fatal claims are fatal claims which are settled in the year, regardless of the year in which the death occurred. It does not include fatal claims which are allowed after a claim is reopened and subsequently resettled.

TEMPORARY TOTAL COMPENSATION SETTLED CLAIMS BY PART OF BODY INJURED, 1980-1987

Number of Claims and Percentage of Total Claims

Part of Body Injured	1980		1981		1982		1983		1984*		1985*		1986*		1987*	
	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%
Back	37,842	24.4	39,327	25.7	37,534	26.1	35,874	27.7	42,896	27.9	48,988	28.1	50,524	27.4	51,384	26.7
Finger(s)	20,441	13.2	19,206	12.5	17,558	12.2	14,750	11.4	18,313	11.9	21,164	12.2	22,050	12.0	23,374	12.1
Multiple parts	6,827	4.4	8,358	5.5	8,338	5.8	7,747	6.0	8,907	5.8	11,834	6.8	12,521	6.8	12,935	6.7
Knee	6,534	4.2	4,384	2.9	4,271	3.0	3,376	2.6	7,478	4.9	9,398	5.4	9,772	5.3	10,244	5.3
Hand	7,420	4.8	6,705	4.4	6,376	4.4	5,678	4.4	7,698	5.0	8,881	5.1	9,236	5.0	9,820	5.1
Ankle	8,095	5.2	7,387	4.8	6,851	4.8	5,848	4.5	7,760	5.0	9,054	5.2	9,044	4.9	9,333	4.8
Shoulder	4,755	3.1	4,055	2.6	4,012	2.8	3,603	2.8	6,518	4.2	8,238	4.7	8,747	4.7	9,197	4.8
Foot	4,692	3.0	2,056	1.3	2,113	1.5	1,424	1.1	5,843	3.8	7,574	4.4	8,081	4.4	8,590	4.5
Eye(s)	7,135	4.6	6,974	4.6	6,222	4.3	5,516	4.3	6,621	4.3	7,196	4.1	7,517	4.1	7,729	4.0
Wrist	4,166	2.7	3,829	2.5	3,678	2.6	3,263	2.5	4,586	3.0	5,617	3.2	5,771	3.1	6,219	3.2
Abdomen	3,237	2.1	3,690	2.4	3,393	2.4	3,252	2.5	3,538	2.3	3,687	2.1	4,081	2.2	4,192	2.2
Chest	2,890	1.8	2,538	1.7	2,475	1.7	2,227	1.7	3,643	2.4	3,985	2.3	3,999	2.2	4,039	2.1
Elbow	2,314	1.5	1,542	1.0	1,495	1.0	1,400	1.1	2,625	1.7	3,255	1.9	3,493	1.9	3,689	1.9
Forearm	3,978	2.6	4,847	3.2	4,199	2.9	3,975	3.1	2,945	1.9	2,929	1.7	3,237	1.7	3,578	1.9
Lower leg	6,533	4.2	9,006	5.9	8,035	5.6	8,482	6.5	4,128	2.7	3,119	1.8	2,945	1.6	2,968	1.5
Toe(s)	2,879	1.8	3,059	2.0	2,759	1.9	2,510	1.9	2,079	1.3	2,256	1.3	2,444	1.3	2,608	1.4
Other	25,487	16.4	26,147	17.0	24,374	17.0	20,542	15.9	18,317	11.9	16,888	9.7	20,961	11.4	22,791	11.8
Total claims	155,225	100.0	153,110	100.0	143,683	100.0	129,467	100.0	153,895	100.0	174,063	100.0	184,423	100.0	192,690	100.0

*The distribution of temporary total compensation settled claims is somewhat different in 1984, 1985, 1986 and 1987 than in previous years due to the introduction of an enhanced coding program at the Board in 1984.

TEMPORARY TOTAL COMPENSATION SETTLED CLAIMS BY NATURE OF INJURY AND DISEASE, 1980-1987

Number of Claims and Percentage of Total Claims

Occupational Injury	1980		1981		1982		1983		1984*		1985*		1986*		1987*	
	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%
Sprains, strains	52,546	33.9	45,008	29.4	43,551	30.3	37,847	29.2	65,150	42.3	83,341	47.9	90,093	48.9	93,783	48.7
Contusions - intact skin	21,699	14.0	17,817	11.6	16,929	11.8	13,991	10.8	26,334	17.1	37,108	21.3	38,642	20.9	39,168	20.3
Cuts, lacerations, open wounds	20,724	13.4	19,552	12.8	17,930	12.5	15,885	12.3	19,552	12.7	22,096	12.7	23,653	12.8	24,882	12.9
Fractures	9,941	6.4	7,588	4.9	7,258	5.1	5,785	4.5	7,180	4.7	7,580	4.4	7,508	4.1	8,055	4.2
Scratches, abrasions	6,038	3.9	5,702	3.7	4,867	3.4	4,197	3.3	4,937	3.2	5,828	3.3	6,215	3.4	6,287	3.3
Burns or scalds (heat)	4,273	2.8	4,083	2.7	3,744	2.6	3,259	2.5	3,787	2.5	4,251	2.4	4,403	2.4	4,546	2.3
Hernia, rupture	1,807	1.2	1,743	1.1	1,674	1.2	1,563	1.2	1,622	1.1	1,570	0.9	1,776	0.9	1,749	0.9
Multiple injuries	1,236	0.8	979	0.6	975	0.7	654	0.5	859	0.6	1,014	0.6	916	0.5	750	0.4
Dislocation	706	0.5	552	0.4	559	0.4	381	0.3	491	0.3	582	0.3	597	0.3	611	0.3
Amputation or enucleation	806	0.5	615	0.4	557	0.4	302	0.2	344	0.2	306	0.2	303	0.2	349	0.2
Concussion - brain, cerebral	623	0.4	385	0.3	381	0.3	270	0.2	353	0.2	350	0.2	344	0.2	314	0.2
Electric shock, electrocution	218	0.1	251	0.2	168	0.1	141	0.1	166	0.1	164	0.1	208	0.1	246	0.1
Asphyxia, strangulation, drowning	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other and unspecified injuries	30,264	19.3	44,436	29.0	40,835	28.3	41,575	32.1	18,966	12.3	4,635	2.7	3,508	1.9	5,098	2.6
Total occupational injuries	150,882	97.2	148,711	97.1	139,428	97.1	125,850	97.2	149,741	97.3	168,825	97.0	178,166	96.6	185,838	96.4
Occupational Disease																
Synovitis, tenosynovitis, tendonitis	282	0.2	394	0.3	455	0.3	307	0.2	473	0.3	785	0.5	1,308	0.7	1,467	0.8
Burn (chemical)	1,224	0.8	1,196	0.8	1,036	0.7	928	0.7	962	0.6	1,176	0.7	1,402	0.8	1,451	0.8
Fume toxicity, smoke inhalation	617	0.4	646	0.4	638	0.5	631	0.5	613	0.4	822	0.5	859	0.5	1,067	0.6
Ultraviolet rays, welders' flash	1,087	0.7	989	0.7	892	0.6	573	0.5	691	0.5	832	0.5	888	0.4	938	0.5
Dermatitis	680	0.4	650	0.4	606	0.4	523	0.4	565	0.4	640	0.4	668	0.4	756	0.4
Inflammation or irritation of joints, etc.	105	0.1	138	0.1	123	0.1	135	0.1	253	0.2	349	0.2	554	0.3	501	0.2
Contagious or infectious diseases	212	0.2	139	0.1	203	0.1	330	0.3	381	0.3	414	0.2	309	0.2	377	0.2
Bursitis	5	0.0	20	0.0	25	0.0	23	0.0	18	0.0	31	0.0	42	0.0	51	0.0
Pneumoconioses	31	0.0	57	0.0	32	0.0	29	0.0	39	0.0	30	0.0	36	0.0	37	0.0
Heatstroke, sunstroke, heat cramps	8	0.0	16	0.0	20	0.0	22	0.0	19	0.0	12	0.0	8	0.0	35	0.0
Freezing, frostbite, etc.	27	0.0	74	0.1	59	0.1	18	0.0	54	0.0	53	0.0	59	0.0	28	0.0
Hearing loss or impairment	4	0.0	3	0.0	6	0.0	1	0.0	6	0.0	5	0.0	12	0.0	10	0.0
Caisson's disease	2	0.0	8	0.0	6	0.0	6	0.0	1	0.0	2	0.0	1	0.0	2	0.0
Tuberculosis	3	0.0	7	0.0	4	0.0	2	0.0	4	0.0	2	0.0	3	0.0	5	0.0
Silicosis	2	0.0	1	0.0	0	0.0	0	0.0	3	0.0	1	0.0	3	0.0	0	0.0
Asbestosis	0	0.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	0.0	0	0.0
Tuberculosis and Pneumoconiosis	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	0.0
Other occupational illnesses	54	0.0	60	0.0	150	0.1	89	0.1	72	0.0	84	0.0	104	0.1	126	0.1
Total occupational diseases	4,343	2.8	4,399	2.9	4,255	2.9	3,617	2.8	4,154	2.7	5,238	3.0	6,257	3.4	6,852	3.6
Total injuries and diseases	155,225	100.0	153,110	100.0	143,683	100.0	129,467	100.0	153,895	100.0	174,063	100.0	184,423	100.0	192,690	100.0

*The distribution of temporary total compensation settled claims is somewhat different in 1984, 1985, 1986 and 1987 than in previous years due to the introduction of an enhanced coding program at the Board in 1984.

TEMPORARY TOTAL COMPENSATION SETTLED CLAIMS BY INDUSTRY, 1980-1987

Number of Claims and Percentage of Total Claims

Industry	1980		1981		1982		1983		1984		1985		1986		1987	
	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%
Manufacturing	62,977	40.6	60,238	39.3	53,800	37.4	46,020	35.5	58,100	37.8	67,738	38.9	73,802	40.0	76,713	39.8
Service	20,370	13.1	22,016	14.4	22,081	15.4	21,249	16.4	25,105	16.3	29,215	16.8	31,363	17.0	33,408	17.3
Trade, wholesale and retail	22,236	14.3	22,217	14.5	21,015	14.6	19,137	14.8	22,537	14.6	25,741	14.8	27,738	15.0	28,902	15.0
Construction	13,357	8.6	13,121	8.6	12,194	8.5	10,553	8.2	12,309	8.0	13,489	7.7	14,821	8.0	16,753	8.7
Transportation and communications	12,868	8.3	13,686	9.0	15,657	10.9	14,233	11.0	15,991	10.4	16,877	9.7	16,723	9.1	16,568	8.6
Public administration and defence	15,950	10.3	14,531	9.5	12,477	8.7	12,644	9.8	13,089	8.5	14,221	8.2	13,629	7.4	14,152	7.3
Agriculture	1,988	1.3	2,032	1.3	2,035	1.4	2,010	1.6	2,351	1.5	2,316	1.3	2,327	1.3	2,197	1.2
Mines, quarries and oil wells	2,976	1.9	2,769	1.8	2,127	1.5	1,476	1.1	1,895	1.2	1,700	1.0	1,447	0.8	1,577	0.8
Finance, insurance and real estate	1,331	0.9	1,407	0.9	1,331	0.9	1,211	0.9	1,404	0.9	1,536	0.9	1,514	0.8	1,530	0.8
Forestry	1,145	0.7	1,060	0.7	943	0.7	900	0.7	1,163	0.8	1,189	0.7	1,022	0.6	848	0.5
Fishing and trapping	27	0.0	33	0.0	23	0.0	34	0.0	31	0.0	41	0.0	37	0.0	42	0.0
Total claims	155,225	100.0	153,110	100.0	143,683	100.0	129,467	100.0	153,895	100.0	174,063	100.0	184,423	100.0	192,690	100.0

PERMANENT DISABILITY SETTLED CLAIMS BY PART OF BODY INJURED, 1980-1987

Number of Claims and Percentage of Total Claims

Part of Body	1980		1981		1982		1983		1984		1985		1986		1987	
	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%
Back	1,152	25.7	1,489	29.7	1,686	28.1	2,357	30.2	2,839	30.7	2,478	29.9	2,921	32.5	2,623	27.8
Finger(s)	1,084	24.2	970	19.3	1,119	18.7	1,217	15.6	1,333	14.4	1,337	16.1	1,226	13.6	1,421	15.1
Multiple parts	324	7.2	329	6.6	356	5.9	600	7.7	691	7.5	687	8.3	790	8.8	838	8.9
Knee	237	5.3	248	4.9	270	4.5	332	4.3	380	4.1	331	4.0	389	4.3	476	5.0
Shoulder	93	2.1	132	2.6	170	2.8	242	3.1	243	2.6	190	2.3	346	3.8	407	4.3
Hand	162	3.6	155	3.1	170	2.8	214	2.7	289	3.1	251	3.0	243	2.7	304	3.2
Wrist	141	3.1	133	2.6	117	2.0	175	2.2	201	2.2	211	2.5	215	2.4	256	2.7
Ankle	78	1.7	107	2.1	113	1.9	149	1.9	182	2.0	149	1.8	199	2.2	211	2.2
Foot	76	1.7	99	2.0	95	1.6	116	1.5	119	1.3	102	1.2	147	1.6	187	2.0
Lower leg	77	1.7	99	2.0	134	2.3	235	3.0	319	3.5	262	3.2	200	2.2	169	1.8
Elbow	47	1.1	61	1.2	68	1.1	88	1.1	94	1.0	100	1.2	143	1.6	156	1.7
Forearm	73	1.6	60	1.2	97	1.6	115	1.5	159	1.7	131	1.6	117	1.3	118	1.3
Eye(s)	59	1.3	58	1.2	60	1.0	66	0.8	62	0.7	57	0.7	47	0.5	45	0.5
Chest	18	0.4	26	0.5	24	0.4	35	0.5	28	0.3	41	0.5	44	0.5	45	0.5
Toe(s)	37	0.8	23	0.5	30	0.5	48	0.6	71	0.8	45	0.5	36	0.4	42	0.4
Abdomen	27	0.6	19	0.4	37	0.6	37	0.5	78	0.8	68	0.8	50	0.6	33	0.4
Other	804	17.9	1,011	20.1	1,452	24.2	1,784	22.8	2,150	23.3	1,854	22.4	1,889	21.0	2,097	22.2
Total claims	4,489	100.0	5,019	100.0	5,998	100.0	7,810	100.0	9,238	100.0	8,294	100.0	9,002	100.0	9,428	100.0

PERMANENT DISABILITY SETTLED CLAIMS BY NATURE OF INJURY AND DISEASE, 1980-1987

Number of Claims and Percentage of Total Claims

Occupational Injury	1980		1981		1982		1983		1984		1985		1986		1987	
	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%
Sprains, strains	1,194	26.6	1,479	29.5	1,732	28.9	2,350	30.0	2,696	29.2	2,310	27.9	3,283	36.5	3,629	38.5
Contusions - intact skin	301	6.7	342	6.8	375	6.3	495	6.3	599	6.5	552	6.7	909	10.1	1,142	12.1
Cuts, lacerations, open wounds	544	12.1	465	9.3	586	9.8	683	8.8	772	8.4	801	9.7	759	8.4	937	9.9
Fractures	736	16.4	699	13.9	768	12.8	1,007	12.9	997	10.8	877	10.6	830	9.2	912	9.7
Amputation or enucleation	410	9.1	404	8.0	382	6.4	343	4.4	372	4.0	307	3.7	280	3.1	323	3.4
Multiple injuries	154	3.4	152	3.0	173	2.9	236	3.0	189	2.0	200	2.4	202	2.3	224	2.4
Dislocation	27	0.6	41	0.8	45	0.8	62	0.8	49	0.5	37	0.4	57	0.6	55	0.6
Burns or scalds (heat)	34	0.8	33	0.7	36	0.6	42	0.5	67	0.7	40	0.5	30	0.4	50	0.5
Scratches, abrasions	28	0.6	27	0.5	33	0.6	36	0.5	29	0.3	34	0.4	32	0.4	30	0.3
Concussion - brain, cerebral	8	0.2	17	0.3	18	0.3	27	0.3	23	0.3	20	0.2	20	0.2	18	0.2
Hernia, rupture	8	0.2	3	0.1	10	0.1	7	0.1	13	0.1	17	0.2	11	0.1	7	0.1
Electric shock, electrocution	8	0.2	8	0.2	10	0.1	12	0.2	14	0.2	11	0.1	11	0.1	4	0.1
Asphyxia, strangulation, drowning	0	0.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other and unspecified injuries	630	14.0	786	15.7	1,031	17.1	1,682	21.5	2,309	25.0	2,111	25.4	1,406	15.6	643	6.8
Total occupational injuries	4,082	90.9	4,457	88.8	5,199	86.7	6,982	89.3	8,129	88.0	7,317	88.2	7,830	87.0	7,974	84.6
Occupational Disease																
Hearing loss or impairment	349	7.8	447	8.9	667	11.1	630	8.1	841	9.1	758	9.2	902	10.0	994	10.5
Inflammation or irritation of joints, etc.	11	0.3	21	0.4	31	0.5	57	0.7	119	1.3	107	1.3	89	1.0	247	2.6
Synovitis, tenosynovitis, tendonitis	12	0.3	18	0.4	19	0.3	31	0.4	47	0.5	28	0.3	64	0.7	86	0.9
Dermatitis	6	0.1	9	0.2	14	0.2	33	0.4	30	0.4	19	0.2	23	0.3	31	0.3
Fume toxicity, smoke inhalation	0	0.0	5	0.1	5	0.1	2	0.0	4	0.0	3	0.0	8	0.1	16	0.2
Burn (chemical)	4	0.1	6	0.1	5	0.1	14	0.2	12	0.2	8	0.1	7	0.1	9	0.1
Pneumoconioses	1	0.0	5	0.1	10	0.2	7	0.1	7	0.1	6	0.1	5	0.1	9	0.1
Asbestosis	6	0.1	10	0.2	5	0.1	6	0.1	4	0.0	5	0.1	12	0.1	8	0.1
Silicosis	7	0.2	16	0.3	20	0.3	6	0.1	10	0.1	8	0.1	20	0.2	6	0.1
Bursitis	0	0.0	1	0.0	0	0.0	2	0.0	4	0.0	1	0.0	4	0.0	4	0.1
Ultraviolet rays, welders' flash	1	0.0	3	0.1	5	0.1	4	0.1	4	0.0	1	0.0	1	0.0	3	0.0
Contagious or infectious diseases	0	0.0	1	0.0	0	0.0	2	0.0	1	0.0	0	0.0	1	0.0	2	0.0
Freezing, frostbite, etc.	0	0.0	1	0.0	1	0.0	4	0.1	4	0.0	0	0.0	3	0.0	1	0.0
Caisson's disease	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	0.0	0	0.0
Tuberculosis	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	0.0	0	0.0	0	0.0
Tuberculosis and pneumoconiosis	0	0.0	0	0.0	0	0.0	0	0.0	1	0.0	0	0.0	1	0.0	0	0.0
Other occupational illnesses	10	0.2	19	0.4	17	0.3	30	0.4	21	0.3	32	0.4	31	0.4	38	0.4
Total occupational diseases	407	9.1	562	11.2	799	13.3	828	10.7	1,109	12.0	977	11.8	1,172	13.0	1,454	15.4
Total injuries and diseases	4,489	100.0	5,019	100.0	5,998	100.0	7,810	100.0	9,238	100.0	8,294	100.0	9,002	100.0	9,428	100.0

FATAL SETTLED CLAIMS BY INDUSTRY, 1980-1987

Number of Claims and Percentage of Total Claims

Industry	1980		1981		1982		1983		1984		1985		1986		1987	
	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%	Claims	%
Construction	30	15.2	47	21.4	31	15.2	21	11.7	28	14.0	34	23.6	22	14.8	49	25.1
Mines, quarries and oil wells	33	16.7	20	9.1	22	10.8	15	8.4	23	11.5	18	12.5	24	16.1	44	22.6
Manufacturing	39	19.7	51	23.2	49	24.0	50	27.9	60	30.0	34	23.6	42	28.2	36	18.5
Transportation and communications	25	12.6	38	17.3	36	17.7	36	20.1	25	12.5	16	11.1	18	12.1	28	14.4
Service	9	4.5	15	6.8	22	10.8	13	7.3	17	8.5	8	5.6	7	4.7	10	5.1
Trade, wholesale and retail	26	13.2	13	5.9	16	7.8	17	9.5	15	7.5	11	7.6	15	10.1	9	4.6
Public administration and defence	21	10.6	15	6.8	10	4.9	13	7.3	11	5.5	13	9.0	11	7.4	7	3.6
Forestry	9	4.5	6	2.7	6	2.9	8	4.5	7	3.5	2	1.4	5	3.3	5	2.6
Finance, insurance and real estate	0	0.0	3	1.3	0	0.0	1	0.5	1	0.5	3	2.1	0	0.0	4	2.0
Agriculture	5	2.5	7	3.2	11	5.4	5	2.8	9	4.5	5	3.5	4	2.7	3	1.5
Fishing and trapping	0	0.0	0	0.0	1	0.5	0	0.0	3	1.5	0	0.0	1	0.6	0	0.0
Unknown	1	0.5	5	2.3	0	0.0	0	0.0	1	0.5	0	0.0	0	0.0	0	0.0
Total claims	198	100.0	220	100.0	204	100.0	179	100.0	200	100.0	144	100.0	149	100.0	195	100.0

Financial Report

WORKERS' COMPENSATION BOARD FINANCIAL REPORT
Year Ended December 31, 1987

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Financial Report

PRESENTATION:

The mandate of the Workers' Compensation Board is to collect revenue from employers to compensate their employees for work-related injuries.

Statutory obligations require that the Board act for two groups of employers: Schedule 1, the majority of the employers, who are insured through collective liability, and Schedule 2 who are self-insurers, whose costs are administered for them by the Workers' Compensation Board on a "pay-as-you-go" basis.

The following comments will assist the reader in understanding the WCB's financial statements:

HIGHLIGHTS:

	1987	1986	Change
	($ Millions)		%
Total revenue	2,364	1,953	+ 21.0
Total awards and expenses	2,848	2,780	+ 2.4
Assets	3,702	3,004	+ 23.2

FINANCIAL POSITION:

In 1987, Board assets climbed to $3.7 billion, most of which are marketable investments, an increase of 23% over 1986.

On the other hand, total (current and future) liabilities at $10.4 billion increased by less than 13%.

While total liabilities exceed total assets (giving rise to the existence of an "unfunded liability"), the WCB is financially sound and able to meet all foreseeable future obligations:

- Annual revenues far exceed annual cash payments, a situation that is expected to continue indefinitely.
- 1987 revenues more than cover the total cost of 1987 claims.
- While the overall size of actuarial liabilities is substantial ($10.2 billion), only small portions of this amount are expected to fall due (i.e. to be paid) in the next few years. In each of those years, it is expected that these liabilities will be covered by future revenues and, therefore, existing assets are expected to continue to grow.
- The Board's published strategy to eliminate the unfunded liability is in place and on target.

As shown in the Ten-Year Summary, the Board's unfunded liability has risen substantially in the last few years. This is primarily as a result of:

- Ad hoc legislated increases to benefit levels.

- Limits placed on individual assessment rate increases.
- Delays in assessing based on new maximum earnings ceilings when changed/ legislated.
- Increasing propensity with which a disability is considered to have a permanent residual effect.

RESULTS OF OPERATIONS:

In 1987, the WCB continued to see a large positive net cash flow: $966 million. This cash flow, which has been invested, is the result of two principal factors:

- Timing differences:
  Our assessment rates are established to cover the full expected cost of current known claims: current year's claims involve not only current payments but also the significant future payments which are expected to be required.

- Inclusion of a surcharge:
  Our assessment rates have been increased during the past 3 years by a small surcharge, in a planned strategy to fully fund total liabilities over a period of 30 years.

However, on an accrual basis, comparing (a) the expected total cost for 1987 claims (i.e. payments made plus payments expected to arise in the future, when all costs are in), plus payments made in 1987 on prior year claims, with (b) the total revenues we collected, the result is an excess of claims benefits and expenses over income, by an amount of $484 million.

RATE SETTING:

The administrative work of the Board includes responsibility for classifying, assessing, auditing and collecting employer accounts; setting assessment rates together with administering experience rating plans; monitoring the investment portfolio; and providing accounting and budgeting services for the Board's claims and administrative activities.

In 1987, the Board continued to use a rate setting philosophy which provides for collective liability among employers, but which also reflects the realities of their own businesses and industry groups.

In 1987, 196,000 employers were assessed by the Workers' Compensation Board. The average assessment rate per hundred dollars of assessable payroll was $2.88 in 1987, an increase of 8.7% over the 1986 average rate of $2.65. The maximum assessable earnings increased to $33,600 in 1987 from $31,500 in 1986. These increases, along with larger payrolls reported by Ontario employers, resulted in a 23% increase in assessment revenue, from $1.6 billion in 1986 to $1.96 billion in 1987.

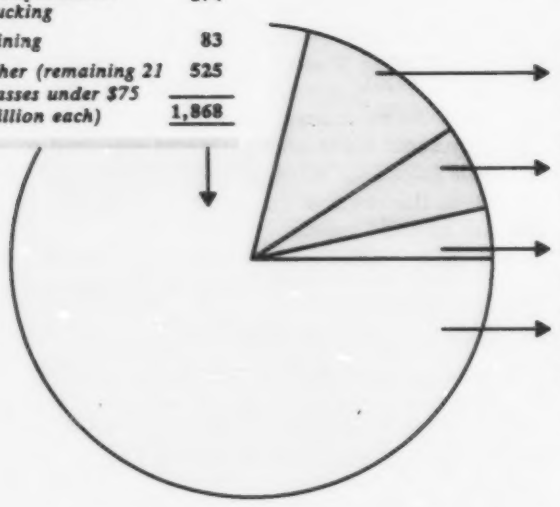
It is the policy of the Board to set and publish rates at an early date so that employers may budget for the coming fiscal year. Assessment rates for 1988 were approved by the Board on October 2, 1987. The average increase over 1987 will be 4.9%, with no individual rate increase greater than 10%, and, altogether, 22 rate groups will experience a rate decline for 1988.

REVENUE AND EXPENSE:

The next two pages show principal sources of revenue and where that money is spent:

REVENUE – WHERE THE MONEY COMES FROM

Industry	$ millions
manufacturing (general)	308
construction	319
hospitals, restaurants, wholesale	234
manufacturing (vehicles)	225
transportation/ trucking	174
mining	83
other (remaining 21 classes under $75 million each)	525
	1,868



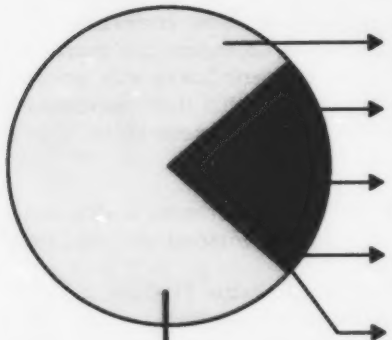
	$ millions
Investment Income (from Sch. 1 and 2)	273
Revenue from Schedule 2 Employers	159 *
Penalties Levied Against Employers	64
Assessments from Schedule 1 Employers	1,868 **
	2,364

* *Revenue from Schedule 2 employers is broken down as follows:*

	$ millions
Provincial and Municipal Government	97
Federal Government	28
Others	34
	159

** *Total assessment revenue of $1,868,000,000 is shown net of bad debts and experience rating credits and includes the 1987 assessment accrual of $112,000,000.*

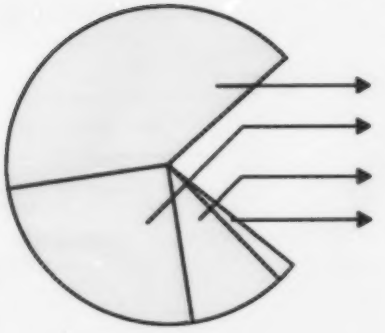
SPENDING – WHERE THE MONEY GOES



	$ millions
Schedule 1 Benefit Payments	1,323
Schedule 1 Administration	177
Schedule 2 Benefit Payments and Expenses	160
Accident Prevention	42
Legislative Obligations (Industrial Disease Standards Panel, WCAT, etc.)	22
	1,724

Benefits

Schedule 1



	$ millions
Compensation	701
Pensions	420
Health Care	164
Rehabilitation	38
	1,323

The pages that follow are the WCB's official "annual financial statements", prepared to comply with all statutory requirements and in accordance with the policies detailed on page 46.

Responsibility for Financial Reporting

The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the annual report conforms to these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, comprised of three directors who are not officers or employees of the Board, to ensure that management fulfills these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged, with respect to financial statement presentation, and disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the Board's internal controls, practices and procedures.

The external auditors, Deloitte, Haskins & Sells, working on behalf and under the direction of the Provincial Auditor, have performed an independent examination of the financial statements of the Board in accordance with generally accepted auditing standards and accordingly included an evaluation of the Board's systems of internal control. The Provincial Auditor's report outlines the scope of this independent examination and his opinion on the financial statements of the Board.

The firm of Eckler Partners Ltd. has been appointed as the independent consulting actuaries to the Board for year-end 1987. Their opinion on the adequacy and appropriateness of the valuation of the Board's actuarial liabilities, and on the proper provision for these costs, is presented as a part of these financial statements.

Alan D. Wolfson
Vice-Chairman of Administration and President

Robert J. Barnett
Executive Director Finance and Administration and Chief Financial Officer

May 20, 1988

Statement of Income and Expenses

WORKERS' COMPENSATION BOARD
Year Ended December 31, 1987

	1987			1986
	Self Insured	Insured Through Collective Liability	Total	Total
		(in $000's)		
INCOME				
Assessment (Note 10)	$ 159,552	$ 1,932,203	$ 2,091,755	$ 1,736,480
Investment (Note 13)	124	272,589	272,713	216,705
	159,676	2,204,792	2,364,468	1,953,185
EXPENSES				
Awards				
– Benefits paid (Note 12)	140,047	1,323,462	1,463,509	1,246,269
– Provision for increase in estimated present value of future payments to existing Schedule 1 claimants				
– special	–	–	–	250,000
– normal	–	1,096,000	1,096,000	1,054,000
– Total value of benefit claims/awards	140,047	2,419,462	2,559,509	2,550,269
Administrative and other expenses (Note 14)	19,803	268,810	288,613	230,124
	159,850	2,688,272	2,848,122	2,780,393
Excess of expenses over income	(174)	(483,480)	(483,654)	(827,208)
Charge to Schedule 2 deposits	$ 174		174	832
Unfunded liability, beginning of year		(6,207,178)	(6,207,178)	(5,380,802)
Unfunded liability, end of year		$ (6,690,658)	$ (6,690,658)	$ (6,207,178)

OFFICE OF THE PROVINCIAL AUDITOR

Box 105, 15th Floor, 20 Dundas St. West
Toronto, Ontario M5G 2C2
(416) 974-9866

To the Workers' Compensation Board
and to the Minister of Labour

I have examined the balance sheet of the Workers' Compensation Board as at December 31, 1987 and the statements of income and expenses and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of accounting for employee pension costs, obligations and assets as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Toronto, Ontario
May 20, 1988

D. F. Archer, F.C.A.
Provincial Auditor

Balance Sheet

WORKERS' COMPENSATION BOARD
December 31, 1987

	Note	1987	1986
ASSETS		(in $000's)	
Cash		$ 4,555	$ 7,286
Investments	4	3,352,329	2,345,691
Other assets	5	314,633	632,644
Fixed assets	6	30,629	18,116
		$ 3,702,146	$ 3,003,737
LIABILITIES			
Accounts payable and accrued charges	9	$ 138,590	$ 62,834
Current portion of future payments to existing claimants for past claims	7	950,000	840,000
Capital lease obligations	16	6,577	–
Net deposits	8	27,637	24,081
		1,122,804	926,915
Estimated present value of future payments to existing Schedule 1 claimants			
Less: current portion	7	9,270,000	8,284,000
		10,392,804	9,210,915
Contingent liability	17	–	–
Unfunded liability	18	(6,690,658)	(6,207,178)
		$ 3,702,146	$ 3,003,737

On behalf of the Board:

Robert G. Elgie
Director

Alan D. Wolfson
Director

Eckler Partners Ltd.

Consulting Actuary's Report on the Valuation of the Actuarial Liabilities of the Schedule 1 Accident Fund of the Workers' Compensation Board of Ontario as at December 31, 1987

The estimated present value of future compensation, pension payments and health care under Schedule 1 on account of accidents that occurred on or before December 31, 1987 in the amount of $10.22 billion has been determined by the Board's Staff Actuaries, after consultation with us. We believe that the assumptions made in this valuation are appropriate and that the methods employed are in accordance with sound actuarial principles. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements.

The present value reported above makes provision for estimated benefit payments in all future years arising from accidents that occurred on or before December 31, 1987. The portion of such payments expected to be made in 1988 is approximately $0.95 billion. This amount was determined on the basis of the long term assumptions appropriate for the determination of the present value and using a simplified methodology. It does not represent a forecast of actual 1988 benefit payments, which will be influenced by short-term factors.

The valuation was based on the provisions of the Workers' Compensation Act in effect as of December 31, 1987. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of pensions and temporary compensation as provided under the Act by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation.

The present value includes the estimated present value of additional payments resulting from the amendments to the Act contained in Bill 101. Although it was necessary to use a number of approximations in estimating this amount, the effect of these approximations is not material for the purposes of the valuation.

The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

We understand that certain decisions rendered by the Workers' Compensation Appeals Tribunal may have the effect of altering the adjudication of workers' compensation claims, which could result in a significant increase in the present value of future benefit payments. It is not possible to quantify this potential increase at this time.

In our opinion, which includes the foregoing comments, the amount of $10.22 billion as at December 31, 1987 makes reasonable provision for future compensation, pension payments and health care under Schedule 1 on account of accidents that occurred on or before December 31, 1987.

Samuel Eckler, F.S.A., F.C.I.A.

David A. Short, F.S.A., F.C.I.A.

Actuaries with the firm of
Eckler Partners Ltd.

May 20, 1988

Statement of Changes in Financial Position

WORKERS' COMPENSATION BOARD
Year Ended December 31, 1987

	1987	1986
	(in $000's)	
CASH PROVIDED BY OPERATIONS		
Excess of expenses over income, after increase in actuarial provision	$ (483,654)	$ (827,208)
Items not requiring an outlay of cash:		
Amortization of losses on long-term investments	6,446	6,241
Amortization of discounts on long-term investments	(59,214)	(21,370)
Depreciation and amortization of fixed assets	2,707	2,485
Provision for increase in estimated present value of future payments to existing Schedule 1 claimants	1,096,000	1,304,000
Decrease (increase) in other assets	318,011	(59,650)
Increase in accounts payable and accrued charges	82,333	6,419
Increase in Schedule 2 deposits	3,730	3,030
	966,359	413,947
INVESTMENT ACTIVITIES		
Purchase of investments	11,400,609	6,053,680
Proceeds on sale or maturity of investments	(10,446,739)	(5,649,193)
Net cash invested	953,870	404,487
Purchase of fixed assets	15,220	4,325
	969,090	408,812
INCREASE (DECREASE) IN CASH DURING THE YEAR	(2,731)	5,135
Cash balance beginning of year	7,286	2,151
Cash balance end of year	$ 4,555	$ 7,286

Notes to the Financial Statements

December 31, 1987

1. NATURE OF OPERATIONS

The Workers' Compensation Board is an independent corporation, which operates by virtue of a statute passed in 1914 and amendments thereafter.

The Board differentiates employers into two groups — referred to as Schedules 1 and 2 by the *Act*:

Schedule 1 relates to industries where the employers are required to contribute to the Workers' Compensation Board's Accident Fund, and Schedule 2 relates to self-insurers — that is, industries where employers are individually liable for the costs of compensation, health care, rehabilitative costs and pensions paid to their workforce, all of which is done for them by the Workers' Compensation Board, which is then reimbursed for these costs.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:
The financial statements have been prepared in accordance with generally accepted accounting principles.

Investments:
Investments are carried at amortized cost for bonds and amortized cost less principal repayments for mortgages. The difference between the proceeds on the sale of a bond or mortgage and its book value is considered to be an adjustment of future portfolio yield, deferred on the balance sheet and amortized over the lesser of the period to maturity of the security sold and 20 years.

Short-term investments are fixed income investments that when purchased had a maturity of one year or less. These are also carried at amortized cost.

Fixed assets:
Fixed assets are stated at cost. Buildings, equipment, leasehold improvements and motor vehicles are depreciated on the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives.

Assessment income:
Assessment income is determined on the basis of estimated payrolls reported by employers. At year end an accrual is calculated to include the additional assessment anticipated as a result of the actual payrolls being greater than estimated.

Leases:
Leases are classified as either capital or operating. Capital leases are those which transfer substantially all of the benefits and risks of the ownership of property, and are recorded as the acquisition of an asset and the incurrence of an obligation. The asset is amortized over its useful life and the obligation is liquidated over the life of the lease. Other leases are operating leases and the related rental costs are charged to expense as incurred.

3. CHANGE IN ACCOUNTING POLICY

Pensions:
Effective January 1, 1987, the Board has adopted prospectively the new recommendations of the Canadian Institute of Chartered Accountants on accounting for employee pension costs. As a result, the difference between the market value of the Board's defined benefit-based pension assets of $276.2 million and the related accrued pension benefits of $207.0 million is being amortized over the expected average remaining service life of the related employee group. The effect on income of this change in accounting policy is not material. See also Note 20.

4. INVESTMENTS

	1987	1986
	($000's)	
AT COST:		
Bonds	$ 1,854,490	$ 1,572,277
Mortgages	424,970	419,360
Equities	207,372	132,330
Unamortized portion of realized losses net of gains on sale of investments	22,431	25,527
	2,509,263	2,149,494
Short-term	843,066	196,197
	$ 3,352,329	$ 2,345,691
AT MARKET VALUE:		
Bonds	$ 1,841,145	$ 1,675,944
Mortgages	424,970	419,360
Equities	202,616	114,075
	2,468,731	2,209,379
Short-term	843,066	196,197
	$ 3,311,797	$ 2,405,576

5. OTHER ASSETS

	1987	1986
	($000's)	
Accrued investment income	$ 46,795	$ 45,637
Accrued assessment and penalty income	89,575	110,000
Assessment and other receivables	171,093	473,163
Prepaid employee pension expense	5,418	–
Prepaid expenses	1,752	3,844
	$ 314,633	$ 632,644

6. FIXED ASSETS

	Cost	Accumulated Depreciation and Amortization	Net Book Value	Depreciation and Amortization Rates
		($000's)		%
Land	$ 6,754	$ –	$ 6,754	–
Buildings	11,087	6,673	4,414	2½
Leasehold improvements	4,988	2,926	2,062	10
Equipment	31,442	14,482	16,960	20*
Motor vehicles	1,631	1,192	439	25
	$ 55,902	$ 25,273	$ 30,629	

* *Except capital leases (cost $10,784), which are amortized over the lease term.*

7. ESTIMATED PRESENT VALUE OF FUTURE PAYMENTS TO EXISTING CLAIMANTS

The estimated present value of future payments to existing Schedule 1 claimants ($10.22 billion) is determined annually by the Board's Actuary and is reviewed by an independent consulting actuary.

The current portion (payments expected to fall due within the next 12 months – $950 million) is shown separately on the Balance Sheet. (1986: $840 million)

These financial statements do not include any estimate for the future payments to existing Schedule 2 claimants as this is not a liability of the Board: it is a liability of the Schedule 2 employers.

8. SCHEDULE 2

The Board adjudicates claims and pays benefits for Schedule 2 workers in the same way as for Schedule 1 and charges these costs to the Schedule 2 employers, plus an administration fee for doing so. Schedule 2 consists mainly of government employers such as the province, municipalities, public libraries and school boards, and employers in industries which cross provincial borders, such as railways, shipping, international airlines and telephone companies.

In addition, some members of the Schedule 2 employer group are required to contribute to a special fund to relieve out-of-the-ordinary expenses (e.g. disaster relief) for their group. The Board requires that security deposits be placed with it by these employers. The deposits received from Schedule 2 employers are invested and interest is paid on the deposit at a previously determined rate.

As at December 31, the balance sheet includes the following related to Schedule 2 employers:

	1987	1986
	($000's)	
Held for them:		
Cash	$ –	$ 562
Investments	15,323	12,065
Due from them:		
Receivables	12,314	11,454
Net Deposits	$ 27,637	$ 24,081

Because Schedule 2 employers are individually liable for all current and future claim costs, the Board does not make provision for future liabilities of Schedule 2 for past claims, nor recognize the future benefits which will be paid by it, but for which it will be reimbursed in full (plus a fee to cover its administrative and other costs).

9. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	1987	1986
	($000's)	
Accounts payable and accrued charges	$ 68,932	$ 35,309
Accrued sick leave and vacation credits	28,871	–
Cheques issued and not yet cashed	40,787	27,525
	$ 138,590	$ 62,834

10. ASSESSMENT INCOME

	1987			1986
	Self Insured	Insured Through Collective Liability	Total	Total
		($000's)		
Assessment income	$ 159,850	$ 1,961,990	$ 2,121,840	$ 1,735,471
Penalties	260	63,749	64,009	37,095
Bad debts	(558)	(51,880)	(52,438)	(34,066)
Experience rating (Note 11)	–	(41,656)	(41,656)	(2,020)
	$ 159,552	$ 1,932,203	$ 2,091,755	$ 1,736,480

11. EXPERIENCE RATING

The Workers' Compensation Board has had a form of experience rating since 1953. It offers refunds and surcharges based on injury frequency rates and costs. In 1983, the Board introduced an experience rating system (CAD-7) for the construction industry. A new experimental experience rating plan (NEER) was introduced in 1984, and refined in 1987, with an optional basis for all non-construction rates.

Where possible, provisions are established to cover future adjustments arising from current and past years' experience. However, consistent with normal insurance industry practice, it is intended that rebates and surcharges under these programs will balance out in the long term.

12. BENEFITS PAID

	1987			1986
	Self Insured	Insured Through Collective Liability	Total	Total
	($000's)			
Compensation	$ 77,313	$ 703,463	$ 780,776	$ 653,679
Health Care	15,860	163,525	179,385	163,280
Rehabilitation	2,098	38,435	40,533	31,633
Pensions	44,776	420,275	465,051	399,638
	140,047	1,325,698	1,465,745	1,248,230
Less: recovered from third parties	–	2,236	2,236	1,961
	$ 140,047	$ 1,323,462	$ 1,463,509	$ 1,246,269

13. INVESTMENT INCOME

	1987			1986
	Self Insured	Insured Through Collective Liability	Total	Total
	($000's)			
Investment income	$ 1,943	$ 279,605	$ 281,548	$ 225,127
Less:				
Amortization of realized losses, net of gains on sale of investments	7	6,439	6,446	6,241
Investment administration expenses	–	577	577	528
Interest paid on deposits	1,812	–	1,812	1,653
	$ 124	$ 272,589	$ 272,713	$ 216,705

14. EXPENSES

The total operating expenses* for the Workers' Compensation Board were:

	1987			1986
	Self Insured	Insured Through Collective Liability	Total	Total
		($000's)		
Administration	$ 19,803	$ 176,413	$ 196,216	$ 174,471
Sick leave and vacation credits	–	28,871	28,871	–
Accident prevention	–	41,397	41,397	39,322
Legislated obligations	–	22,129	22,129	16,331
	$ 19,803	$ 268,810	$ 288,613	$ 230,124

* *These are more fully described below:*

a) ADMINISTRATION EXPENSES

	1987	1986
	($000's)	
Salaries and employees' benefits	$ 135,682	$ 125,214
Travel and vehicle maintenance	4,191	3,827
Supplies and services	2,718	3,194
Equipment rental and maintenance	20,583	13,900
Depreciation of equipment	916	419
Occupancy costs – net	13,571	10,678
Security services and insurance	1,124	1,272
Data processing costs	2,712	2,542
Communications and publications	9,784	9,212
Chest examining station costs	979	943
Credit reports and legal expenses	660	787
Professional fees and services	1,723	1,147
Other	3,672	3,422
	$ 198,315	$ 176,557
Less expenses related to:		
Investment income	577	528
Downsview Rehabilitation Centre	1,522	1,558
Schedule 2	19,803	16,960
	21,902	19,046
Net charge to statement of income and expenses	$ 176,413	$ 157,511

b) ACCIDENT PREVENTION EXPENSES

By Category:	1987	1986
	($000's)	
Salaries and employees' benefits	$ 22,654	$ 21,075
Travel and vehicle maintenance	3,107	2,973
Supplies and services	678	666
Equipment rental and maintenance	922	752
Depreciation of equipment	245	288
Occupancy costs	2,251	2,089
Security services and insurance	111	52
Communications and publications	9,944	9,528
Other	1,485	1,899
	$ 41,397	$ 39,322
By Safety Association/Authority:		
Construction Safety Association of Ontario	$ 9,079	$ 8,731
Electrical Utilities Safety Association of Ontario	1,732	1,593
Forest Products Accident Prevention Association	1,428	1,376
The Farm Safety Association Inc.	942	915
Health Care Occupational Health & Safety Association	1,805	1,868
Industrial Accident Prevention Association	15,353	15,427
Mines Accident Prevention Association of Ontario	2,151	2,214
Ontario Pulp & Paper Makers Safety Association	677	671
Transportation Safety Association of Ontario	1,289	1,235
Occupational Health and Safety Education Authority	6,941	5,292
	$ 41,397	$ 39,322

c) LEGISLATED OBLIGATIONS

The Board is obligated to help the Ontario Government defray the administrative costs of the Occupational Health and Safety Act. We have accrued the Workers' Compensation Board's cost based on the calendar year just ended.

	1987	1986
	($000's)	
Occupational Health and Safety Act	$ 6,739	$ 6,753
Industrial Disease Standards Panel	707	–
Mine Rescue	1,083	876
Workers' Compensation Appeals Tribunal	8,357	5,537
Worker and Employer Advisers	5,243	3,165
	$ 22,129	$ 16,331

Under Section 86 of the *Workers' Compensation Act*, the Board is obligated to pay the administrative costs of the Workers' Compensation Appeals Tribunal, the Worker and Employer Advisers and the Industrial Disease Standards Panel, all of which are autonomous bodies, staffed and managed independently from the Workers' Compensation Board.

Mine Rescue costs represent the establishment, maintenance and operation of Mine Rescue stations, under the Occupational Health and Safety Act, as set out in Section 1(1)(b) of the *Workers' Compensation Act*.

15. RELATED PARTY TRANSACTIONS

In addition to the legislated obligations referred to above, these financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices with various Ontario Government controlled Ministries, agencies, and crown corporations with which the Board is related.

Account balances resulting from these transactions are included in these financial statements and are settled on normal trade terms.

16. LEASE OBLIGATIONS

At December 31, 1987, the Workers' Compensation Board was committed under non-cancellable leases requiring future minimum payments over the next five years as follows:

	Capital	Office Space	Other Operating	Total
		($000's)		
1988	$ 3,031	$ 8,656	$ 4,632	$ 16,319
1989	2,467	8,279	2,050	12,796
1990	2,261	7,599	1,727	11,587
1991	–	7,110	444	7,554
1992	–	6,293	13	6,306
Total minimum payment	$ 7,759	$ 37,937	$ 8,866	$ 54,562
Less: amount representing interest	1,182			
Obligations under capital leases	$ 6,577			

The Board rents office space and equipment under operating lease arrangements having various expiry dates. Shown above are the aggregate minimum annual rental payments under these arrangements for the next five years. The "Other" operating leases represent long-term equipment rentals.

17. CONTINGENT LIABILITY

Certain decisions rendered by the Workers' Compensation Appeals Tribunal (WCAT) may have the effect of altering the adjudication of workers' compensation claims. Changes in the adjudication of claims could result in a significant increase in the present value of future payments on account of accidents which occurred in past years. It is not possible to quantify, at this time, the potential for any increase in the present value of future payments to existing claimants because of the uncertain future resolution of pending or future decisions.

(The WCAT, which came into effect in October 1985, operates independently from the WCB, and reports to the Minister of Labour. It only reviews individual cases: WCAT does not have any policy-setting authority.)

18. UNFUNDED LIABILITY

The Workers' Compensation Board has developed a strategy to eliminate this liability (by means of a small surcharge added to all Schedule 1 assessments) by the year 2014. This policy is implemented and in effect.

19. INDUSTRIAL DISEASES

Asbestosis

In December of 1986 the U.S. Bankruptcy Court approved a plan to establish the Manville Settlement Trust with assets in excess of $2 billion. Claims may be made against the Trust, for injuries that workers or others may have suffered, due to exposure to Johns-Manville asbestos products.

The Workers' Compensation Board has, for some years, been paying benefits and expenses to workers suffering from asbestos-related diseases. In view of this, the Board, in 1987, took steps to exercise any subrogated rights that it might have in respect of some 600 asbestos-related claims filed with the Board since 1975 by Ontario workers or their dependents.

At this time the amount the WCB might recover from the Manville Trust cannot be quantified.

Silicosis

Assessments for silicosis have been calculated as a percentage of the previous year's actual payrolls for all employers in the mining industry. The assessments are included in the total assessment figure.

The funds accumulated from these assessments are used to pay benefits arising out of silicosis claims and are included as part of the total benefits figure.

	1987	1986
	($000's)	
Benefits paid – silicosis	$ 4,659	$ 4,391
Assessment revenues	5,633	4,708

Gold Mining

At its meeting on Friday, January 8, 1988, the Board of Directors approved a comprehensive policy dealing with the compensation of gold miners with work-related lung cancer, which is expected to significantly increase the number of survivors who may be eligible for compensation. Costs related to this decision will be reflected in the WCB's 1988 Financial Statements.

The policy will be revised if the follow-up study, now underway, demonstrates an excess risk of lung cancer in miners with "dusty gold mining" experience after 1945, or if it shows a probable connection between gold mining experience and stomach cancer.

20. SUPERANNUATION FUND

The Board has a benefit-based pension plan, the Superannuation Fund, for its employees, and employees of the provincial safety associations. The most recent triennial actuarial valuation as at December 31, 1986 determined that this Fund was in a surplus position. See also Note 3.

Current contribution levels, by both employer and employees, and current pension entitlements, are presently under review and amendments to the existing plan will likely be implemented during 1988.

21. REMUNERATION OF APPOINTEES

The total remuneration and expenses of members of the Board of Directors was $181,271 during the year. (1986 — $215,114)

22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to correspond to the current year's presentation.

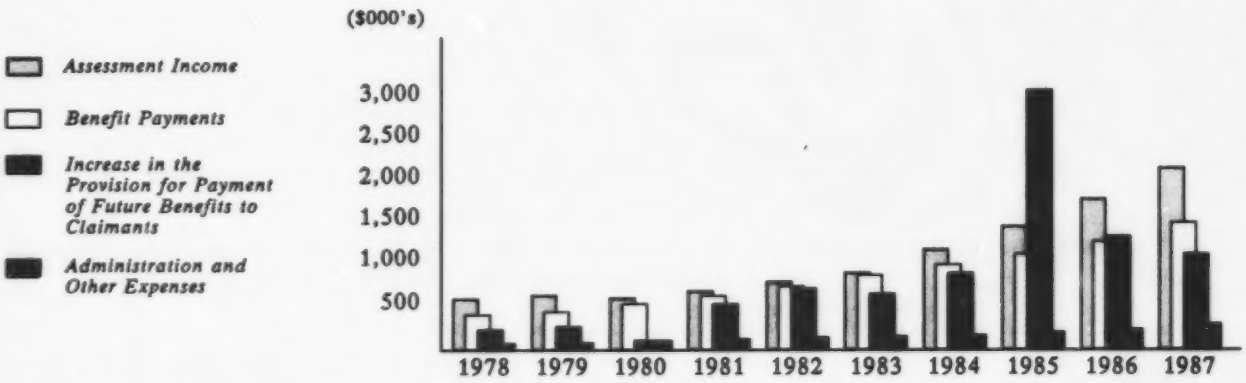
Ten-Year History

TEN-YEAR SUMMARY OF THE STATEMENT OF INCOME AND EXPENSES

($000's)

WORKERS' COMPENSATION BOARD (Schedules 1 and 2)	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
INCOME										
Assessment income	$586,386	$629,037	$592,037	$673,401	$ 781,251	$ 882,162	$1,159,977	$1,424,130	$1,736,480	$2,091,755
Investment income	105,161	120,508	141,437	166,045	170,066	166,574	175,803	186,347	216,705	272,713
	691,547	749,545	733,474	839,446	951,317	1,048,736	1,335,780	1,610,477	1,953,185	2,364,468
EXPENSES										
Benefits paid	402,940	431,175	526,989	620,513	725,915	860,093	978,611	1,098,526	1,246,269	1,463,509
Provision for increase in estimated present value of future payments to Schedule 1 claimants										
- special	240,000	190,000	—	360,000	335,000	347,000	604,000	*1,860,000	250,000	—
- normal	(10,000)	70,000	100,000	160,000	365,000	293,000	276,000	1,130,000	1,054,000	1,096,000
Total value of claims/awards	632,940	691,175	626,989	1,140,513	1,425,915	1,500,093	1,858,611	4,088,526	2,550,269	2,559,509
Administration and other expenses	69,000	78,729	100,070	116,646	137,325	146,141	162,624	192,458	230,124	288,613
	701,940	769,904	727,059	1,257,159	1,563,240	1,646,234	2,021,235	4,280,984	2,780,393	2,848,122
Excess of expenses over income	(10,393)	(20,359)	6,415	(417,713)	(611,923)	(597,498)	(685,455)	(2,670,507)	(827,208)	(483,654)
Charge to Schedule 2 deposits	67	12	(155)	(154)	(50)	296	295	180	832	174
Unfunded liability beginning of year	(373,860)	(384,186)	(404,533)	(398,273)	(816,140)	(1,428,113)	(2,025,315)	(2,710,475)	(5,380,802)	(6,207,178)
Unfunded liability end of year	($384,186)	($404,533)	($398,273)	($816,140)	($1,428,113)	($2,025,315)	($2,710,475)	($5,380,802)	($6,207,178)	($6,690,658)

*Amendment by the passage of Bill 81, which indexed future annual increases in pensions and temporary compensation payments based on the change in the consumer price index.



OTHER STATISTICS

($000,000's)

Total assessable payroll (based on employer estimates)	$ 27,500	$ 30,600	$ 32,600	$ 37,000	$ 40,800	$ 41,800	$ 48,435	$ 52,228	$ 58,611	$ 65,000
Number of WCB employees as at December 31 each year*	N/A	N/A	N/A	N/A	N/A	3,682	3,854	4,203	4,679	4,688
Incidents reported as work injuries	424,609	460,972	444,674	415,044	349,747	344,758	388,845	426,880	442,080	469,681

N/A — Not available

*Includes part-time and temporary staff